

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

February 7, 2023

Company name: PRESS KOGYO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7246 URL <https://www.presskogyo.co.jp/en/>
 Representative: President & CEO Tetsushi Mino
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 Scheduled date to file Quarterly Securities Report: February 7, 2023
 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 nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	137,288	23.9	9,004	12.6	9,642	22.1	4,156	2.8
Nine months ended December 31, 2021	110,808	–	7,997	–	7,900	–	4,045	–

Note: Comprehensive income For the nine months ended December 31, 2022: ¥10,391 million [64.9 %]
 For the nine months ended December 31, 2021: ¥6,302 million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2022	40.05	–
Nine months ended December 31, 2021	37.45	–

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 nine months ended December 31, 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 December 31, 2022	181,477	109,258	54.6	960.59
As of March 31, 2022	172,617	103,219	54.9	899.34

Reference: Equity
 As of December 31, 2022: ¥99,052 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	–	10.50	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	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)

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	185,000	15.6	13,000	4.6	13,600	7.3	5,700	(19.8)	55.00

Note: Revisions to the forecast of financial results most recently announced: Yes

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 2022	108,594,270 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 December 31, 2022	5,477,628 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)

Nine months ended December 31, 2022	103,796,794 shares	Nine months ended December 31, 2021	108,011,354 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 nine months ended December 31, 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 nine months ended December 31, 2022

(1) Explanation of operating results

In the nine months ended December 31, 2022, the outlook for the truck and construction machinery business environment in Japan and overseas was uncertain as a result of ongoing restrictions on parts supply due notably to Chinese lockdowns, the shortage of semiconductors and logistical disruptions, in addition to factors such as energy costs and resource prices soaring and remaining at a high level due to the situation in Europe, and sudden foreign exchange fluctuations.

As its manufacturing activities were also greatly affected at all bases, the Group strongly promoted a re-evaluation of the production system as well as rationalization activities, and strived to secure revenues.

As a result of the above, in the nine months ended December 31, 2022, the Company recorded net sales of 137,288 million yen (up 23.9% year on year), operating profit of 9,004 million yen (up 12.6% year on year), ordinary profit of 9,642 million yen (up 22.1% year on year) and profit attributable to owners of parent of 4,156 million yen (up 2.8% year on year).

Additionally, the Company recorded 1,981 million yen in impairment losses on buildings and equipment, etc. of consolidated subsidiaries in China due to sluggish demand for construction machinery caused by the economic decline in China.

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 21,400 vehicles year on year, to 38,700 vehicles, and domestic demand for light-duty trucks decreased by 7,800 vehicles year on year, to 48,300 vehicles. Domestic production of the Group was on the same level as the same period of the previous fiscal year although total 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 year on year at PT. PK Manufacturing Indonesia.

[Sweden]

While demand within Europe for commercial vehicles was on the same level as the same period of the previous fiscal year, ordered products performed well. As a result, the production increased year on year at PRESS KOGYO SWEDEN AB.

As a result of the above, net sales in this segment amounted to 112,033 million yen (up 31.6% year on year) and segment profit amounted to 11,086 million yen (up 26.0% 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 the Company's Onomichi Plant and at KYOWA MFG. CO., LTD. increased year on year due to firm domestic demand and exports of hydraulic excavators.

[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 25,310 million yen (down 1.3% year on year) and segment profit amounted to 461 million yen (down 69.2% year on year).

(2) Explanation of financial position

Total assets at the end of the nine months ended December 31, 2022 were 181,477 million yen, an increase of 8,859 million yen from the end of the previous fiscal year. The main factor was an increase in work in process and machinery, equipment and vehicles.

Total liabilities were 72,219 million yen, an increase of 2,821 million yen from the end of the previous fiscal year. The main factor was an increase in notes and accounts payable - trade.

Net assets were 109,258 million yen, an increase of 6,038 million yen from the end of the previous fiscal year. The main factor was an increase in foreign currency translation adjustment and non-controlling interests.

As a result, the equity ratio was 54.6%.

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

For details on the consolidated forecasts for the fiscal year ending March 31, 2023, please refer to the “Notice Concerning Recording of Extraordinary Losses and Revisions to the Full-Year Consolidated Financial Results Forecast for Fiscal Year Ending March 31, 2023 (in Japanese only)” announced today (February 7, 2023).

2. Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	21,569	19,937
Notes and accounts receivable - trade	44,252	44,280
Merchandise and finished goods	1,384	1,598
Work in process	11,228	15,207
Raw materials and supplies	1,664	2,086
Income taxes refund receivable	31	6
Other	4,240	6,109
Allowance for doubtful accounts	(12)	(3)
Total current assets	84,359	89,223
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,011	11,660
Machinery, equipment and vehicles, net	15,815	19,224
Land	32,263	32,515
Other, net	14,269	15,364
Total property, plant and equipment	74,359	78,764
Intangible assets		
Other	588	546
Total intangible assets	588	546
Investments and other assets		
Deferred tax assets	1,294	1,290
Retirement benefit asset	3,745	3,839
Investments and other assets	8,350	7,888
Allowance for doubtful accounts	(79)	(76)
Total investments and other assets	13,311	12,942
Total non-current assets	88,258	92,253
Total assets	172,617	181,477
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,959	33,759
Short-term borrowings	11,865	9,465
Income taxes payable	2,184	692
Provision for bonuses	3,285	2,109
Provisions	163	93
Other	8,277	10,546
Total current liabilities	54,736	56,667
Non-current liabilities		
Long-term borrowings	1,804	2,024
Deferred tax liabilities	2,075	2,349
Deferred tax liabilities for land revaluation	7,601	7,601
Provisions	171	169
Retirement benefit liability	2,147	2,415
Asset retirement obligations	405	405
Other	455	585
Total non-current liabilities	14,661	15,551
Total liabilities	69,398	72,219

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Net assets		
Shareholders' equity		
Share capital	8,070	8,070
Capital surplus	2,074	2,074
Retained earnings	64,224	65,344
Treasury shares	(1,838)	(1,936)
Total shareholders' equity	72,530	73,552
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,192	2,157
Revaluation reserve for land	17,255	17,255
Foreign currency translation adjustment	1,760	5,132
Remeasurements of defined benefit plans	1,055	953
Total accumulated other comprehensive income	22,263	25,499
Non-controlling interests	8,425	10,205
Total net assets	103,219	109,258
Total liabilities and net assets	172,617	181,477

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	110,808	137,288
Cost of sales	93,213	117,231
Gross profit	17,594	20,057
Selling, general and administrative expenses	9,596	11,052
Operating profit	7,997	9,004
Non-operating income		
Interest income	17	18
Dividend income	186	275
Rental income from non-current assets	49	42
Foreign exchange gains	–	460
Other	35	61
Total non-operating income	289	858
Non-operating expenses		
Interest expenses	109	187
Foreign exchange losses	249	–
Other	28	32
Total non-operating expenses	387	219
Ordinary profit	7,900	9,642
Extraordinary income		
Gain on sale of non-current assets	13	21
Economic compensation benefits from abandonment of land use rights	–	232
Gain on sale of investment securities	41	–
Gain on liquidation of subsidiaries and associates	–	885
Total extraordinary income	55	1,138
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	185	86
Impairment losses	–	1,981
Loss on valuation of investment securities	–	154
Loss on liquidation of subsidiaries	605	–
Total extraordinary losses	791	2,222
Profit before income taxes	7,163	8,558
Income taxes - current	1,713	1,986
Income taxes - deferred	(144)	553
Total income taxes	1,568	2,539
Profit	5,594	6,019
Profit attributable to non-controlling interests	1,549	1,862
Profit attributable to owners of parent	4,045	4,156

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	5,594	6,019
Other comprehensive income		
Valuation difference on available-for-sale securities	377	(34)
Foreign currency translation adjustment	329	4,508
Remeasurements of defined benefit plans, net of tax	1	(101)
Total other comprehensive income	707	4,372
Comprehensive income	6,302	10,391
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,978	7,393
Comprehensive income attributable to non-controlling interests	1,323	2,998

(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)

1) Acquisition of treasury shares

The Company acquired 2,420,800 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 1,000 million yen in the nine months ended December 31, 2022, including acquisitions by purchase of shares less than one unit.

2) Cancellation of treasury shares

The Company canceled 2,420,800 treasury shares on September 30, 2022 in accordance with a resolution at the Board of Directors meeting held on May 13, 2022. As a result, during the nine months ended December 31, 2022, capital surplus, retained earnings and treasury shares decreased by 7 million yen, 847 million yen and 855 million yen, respectively.

As a result of the above, as of December 31, 2022, capital surplus, retained earnings and treasury shares were 2,074 million yen, 65,344 million yen and 1,936 million yen, respectively.

(Segment information)

[Segment information]

I Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

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

	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	84,464	24,229	108,693	2,114	110,808	–	110,808
Intersegment sales or transfers	662	1,409	2,071	–	2,071	(2,071)	–
Total	85,127	25,638	110,765	2,114	112,880	(2,071)	110,808
Segment profit	8,798	1,494	10,292	148	10,440	(2,442)	7,997

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 (2,442) million yen include intersegment transaction eliminations of (1) million yen and corporate expenses not allocated to each reportable segment of (2,441) million yen. Corporate expenses mainly consist of general and administrative expenses of the headquarters not attributable to the reportable segments.

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

2. Information about impairment losses of non-current assets or goodwill, etc. for each reportable segment

(Significant impairment losses of non-current assets)

Not applicable.

II Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	111,586	23,749	135,336	1,952	137,288	–	137,288
Intersegment sales or transfers	447	1,560	2,008	–	2,008	(2,008)	–
Total	112,033	25,310	137,344	1,952	139,296	(2,008)	137,288
Segment profit	11,086	461	11,547	56	11,603	(2,599)	9,004

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 (2,599) million yen include intersegment transaction eliminations of 2 million yen and corporate expenses not allocated to each reportable segment of (2,601) million yen. Corporate expenses mainly consist of general and administrative expenses of the headquarters not attributable to the reportable segments.

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

2. Information about impairment losses of non-current assets or goodwill, etc. for each reportable segment

(Significant impairment losses of non-current assets)

Impairment losses of 1,981 million yen were recorded in Construction Machinery-Related Business segment.