

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

August 9, 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: August 9, 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 three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(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, 2023	51,203	21.1	3,325	35.8	3,689	25.7	2,384	46.5
Three months ended June 30, 2022	42,287	4.3	2,448	(34.1)	2,935	(22.1)	1,628	(31.9)

Note: Comprehensive income For the three months ended June 30, 2023: ¥4,364 million [9.8 %]
 For the three months ended June 30, 2022: ¥3,975 million [(18.6)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	23.29	—
Three months ended June 30, 2022	15.53	—

(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, 2023	182,510	111,843	55.6	1,001.59
As of March 31, 2023	178,402	111,087	56.2	972.37

Reference: Equity
 As of June 30, 2023: ¥101,506 million
 As of March 31, 2023: ¥100,267 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, 2023	—	10.50	—	10.50	21.00
Year ending March 31, 2024	—				
Year ending March 31, 2024 (Forecast)		13.00	—	13.00	26.00

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

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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
Six months ending September 30, 2023	95,700	9.3	6,200	23.6	6,100	6.9	4,000	1.8	39.29
Full year	189,800	2.7	13,200	0.7	13,100	(4.5)	7,800	14.8	76.61

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, 2023
(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, 2023	108,594,270 shares	As of March 31, 2023	108,594,270 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	7,248,902 shares	As of March 31, 2023	5,477,784 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, 2023	102,420,757 shares	Three months ended June 30, 2022	104,816,833 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, 2023, (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, 2023

(1) Explanation of operating results

In the three months ended June 30, 2023, the outlook for the truck and construction machinery business environment in Japan and overseas remained uncertain, mainly as a result of resource prices and energy costs remaining at a high level, sudden foreign exchange fluctuations, and concerns over global economic recession, although there were improvements in the situation regarding the shortage of parts such as semiconductors.

Under these circumstances, the Group continued to strengthen its responsiveness to changes in production and carry out rationalization activities, and strived to secure revenues.

As a result of the above, in the three months ended June 30, 2023, the Company recorded net sales of 51,203 million yen (up 21.1% year on year), operating profit of 3,325 million yen (up 35.8% year on year), ordinary profit of 3,689 million yen (up 25.7% year on year) and profit attributable to owners of parent of 2,384 million yen (up 46.5% 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 increased by 3,200 vehicles year on year, to 15,100 vehicles, and domestic demand for light-duty trucks increased by 4,900 vehicles year on year, to 19,400 vehicles. The Company's production increased year on year as domestic production of heavy- and medium-duty trucks increased year on year although exports of both heavy- and medium-duty trucks and light-duty trucks decreased year on year.

[Thailand]

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

[U.S.A.]

Production at PK U.S.A., INC. decreased year on year mainly due to the discontinued production of models for some customers, despite an increase in domestic demand.

[Indonesia]

Although domestic demand of commercial vehicles increased, owing to decreased its exports, production decreased year on year at PT. PK Manufacturing Indonesia.

[Sweden]

Although demand for commercial vehicles increased in Europe, production was on the same level as the same period of the previous fiscal year at PRESS KOGYO SWEDEN AB.

As a result of the above, net sales in this segment amounted to 42,176 million yen (up 22.6% year on year) and segment profit amounted to 3,922 million yen (up 25.4% year on year).

(Construction Machinery-Related Business)

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

[Japan]

Cabin production at the Company's Onomichi Plant and at KYOWA MFG. CO., LTD. increased year on year mainly due to firm domestic demand and exports of construction machinery and the start-up of production of automobile models newly ordered at the Onomichi Plant.

[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 9,010 million yen (up 14.5% year on year) and segment profit amounted to 301 million yen (up 111.9% year on year).

(2) Explanation of financial position

Total assets as of June 30, 2023 were 182,510 million yen, an increase of 4,108 million yen from the end of the previous fiscal year. The main factor was an increase in notes and accounts receivable - trade.

Total liabilities were 70,667 million yen, an increase of 3,352 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 111,843 million yen, an increase of 756 million yen from the end of the previous fiscal year. The main factor was an increase in retained earnings.

As a result, the equity ratio was 55.6%.

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

Consolidated forecasts for the fiscal year ending March 31, 2024 are unchanged from the forecast announced on May 11, 2023.

2. Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	22,344	22,964
Notes and accounts receivable - trade	44,088	47,467
Merchandise and finished goods	1,662	1,753
Work in process	11,993	9,463
Raw materials and supplies	2,011	2,083
Income taxes refund receivable	20	6
Other	4,958	4,966
Allowance for doubtful accounts	(14)	(13)
Total current assets	87,065	88,692
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,172	11,259
Machinery, equipment and vehicles, net	17,531	17,787
Land	32,441	32,479
Other, net	16,649	17,906
Total property, plant and equipment	77,794	79,433
Intangible assets		
Other	538	532
Total intangible assets	538	532
Investments and other assets		
Deferred tax assets	1,388	1,387
Retirement benefit asset	3,561	3,587
Investments and other assets	8,129	8,953
Allowance for doubtful accounts	(76)	(76)
Total investments and other assets	13,003	13,852
Total non-current assets	91,336	93,818
Total assets	178,402	182,510
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,486	34,044
Short-term borrowings	6,441	5,785
Income taxes payable	956	1,719
Provision for bonuses	3,486	1,429
Provisions	130	31
Other	9,144	11,960
Total current liabilities	51,646	54,971
Non-current liabilities		
Long-term borrowings	2,511	2,511
Deferred tax liabilities	2,198	2,156
Deferred tax liabilities for land revaluation	7,601	7,601
Provisions	140	140
Retirement benefit liability	2,276	2,353
Asset retirement obligations	405	405
Other	533	526
Total non-current liabilities	15,668	15,696
Total liabilities	67,315	70,667

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	8,070	8,070
Capital surplus	2,074	2,074
Retained earnings	67,980	69,282
Treasury shares	(1,936)	(2,936)
Total shareholders' equity	76,189	76,491
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,219	2,786
Revaluation reserve for land	17,255	17,255
Foreign currency translation adjustment	3,858	4,255
Remeasurements of defined benefit plans	745	717
Total accumulated other comprehensive income	24,078	25,015
Non-controlling interests	10,819	10,336
Total net assets	111,087	111,843
Total liabilities and net assets	178,402	182,510

(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, 2022	Three months ended June 30, 2023
Net sales	42,287	51,203
Cost of sales	36,233	44,054
Gross profit	6,053	7,148
Selling, general and administrative expenses	3,605	3,823
Operating profit	2,448	3,325
Non-operating income		
Interest income	4	15
Dividend income	125	189
Foreign exchange gains	389	226
Other	21	32
Total non-operating income	540	464
Non-operating expenses		
Interest expenses	45	91
Other	9	9
Total non-operating expenses	54	100
Ordinary profit	2,935	3,689
Extraordinary income		
Gain on sale of non-current assets	3	7
Economic compensation benefits from abandonment of land use rights	—	509
Total extraordinary income	3	516
Extraordinary losses		
Loss on sale of non-current assets	0	—
Loss on retirement of non-current assets	0	20
Total extraordinary losses	0	20
Profit before income taxes	2,938	4,185
Income taxes - current	1,014	1,301
Income taxes - deferred	(376)	(229)
Total income taxes	637	1,071
Profit	2,300	3,113
Profit attributable to non-controlling interests	672	728
Profit attributable to owners of parent	1,628	2,384

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	2,300	3,113
Other comprehensive income		
Valuation difference on available-for-sale securities	(233)	567
Foreign currency translation adjustment	1,942	711
Remeasurements of defined benefit plans, net of tax	(33)	(28)
Total other comprehensive income	1,675	1,251
Comprehensive income	3,975	4,364
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,695	3,321
Comprehensive income attributable to non-controlling interests	1,279	1,042

(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 1,770,800 treasury shares in accordance with a resolution at the Board of Directors meeting held on May 11, 2023. As a result, treasury shares increased by 1,000 million yen in the three months ended June 30, 2023, including acquisitions by purchase of shares less than one unit, to 2,936 million yen as of June 30, 2023.

(Segment information)

[Segment information]

I 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

	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.

II Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

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	42,025	8,434	50,460	742	51,203	—	51,203
Intersegment sales or transfers	150	575	725	—	725	(725)	—
Total	42,176	9,010	51,186	742	51,929	(725)	51,203
Segment profit	3,922	301	4,223	44	4,268	(942)	3,325

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 (942) million yen include inter-segment transaction eliminations of (3) million yen and corporate expenses not allocated to each reportable segment of (939) 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.