

Translation

Notice: This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

November 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
 Inquiries: General Manager, General Affairs Dept. Takanori Sasaoka TEL 044-276-3901
 Scheduled date to file Quarterly Securities Report: November 9, 2023
 Scheduled date to commence dividend payments: December 4, 2023
 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, 2023 (from April 1, 2023 to September 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	%
Six months ended September 30, 2023	98,899	13.0	6,356	26.7	6,857	20.2	4,420	12.5
Six months ended September 30, 2022	87,536	15.9	5,016	(8.3)	5,704	5.3	3,930	18.9

Note: Comprehensive income For the six months ended September 30, 2023: ¥8,885 million [0.3%]
 For the six months ended September 30, 2022: ¥8,859 million [50.8%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	43.34	—
Six months ended September 30, 2022	37.76	—

(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, 2023	186,057	116,416	56.6	1,037.97
As of March 31, 2023	178,402	111,087	56.2	972.37

Reference: Equity
 As of September 30, 2023: ¥105,284 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	—	13.00			
Year ending March 31, 2024 (Forecast)			—	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
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 six months ended September 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 September 30, 2023	106,823,470 shares	As of March 31, 2023	108,594,270 shares
--------------------------	--------------------	----------------------	--------------------

Number of treasury shares at the end of the period

As of September 30, 2023	5,390,754 shares	As of March 31, 2023	5,477,784 shares
--------------------------	------------------	----------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	101,997,357 shares	Six months ended September 30, 2022	104,088,283 shares
-------------------------------------	--------------------	-------------------------------------	--------------------

* 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 six months ended September 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

1. Qualitative information on financial results for the six months ended September 30, 2023	2
(1) Explanation of operating results.....	2
(2) Explanation of financial position.....	3
(3) Explanation of consolidated financial results forecast and other forward-looking statements.....	3
2. Quarterly consolidated financial statements	4
(1) Consolidated balance sheets.....	4
(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative).....	6
Consolidated statements of income (cumulative).....	6
Consolidated statements of comprehensive income (cumulative).....	7
(3) Consolidated statements of cash flows.....	8
(4) Notes to quarterly consolidated financial statements	9
(Notes on premise of going concern)	9
(Notes on significant changes in the amount of shareholders' equity).....	9
(Segment information)	9

1. Qualitative information on financial results for the six months ended September 30, 2023

(1) Explanation of operating results

In the six months ended September 30, 2023, the outlook for the truck and construction machinery business environment in Japan and overseas remained uncertain, mainly as a result of the depreciation of the yen 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 six months ended September 30, 2023, the Company recorded net sales of 98,899 million yen (up 13.0% year on year), operating profit of 6,356 million yen (up 26.7% year on year), ordinary profit of 6,857 million yen (up 20.2% year on year) and profit attributable to owners of parent of 4,420 million yen (up 12.5% 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 9,100 vehicles year on year, to 34,400 vehicles, and domestic demand for light-duty trucks increased by 7,600 vehicles year on year, to 40,100 vehicles. The Company's production decreased year on year as exports of heavy- and medium-duty trucks and light-duty trucks decreased year on year.

[Thailand]

While demand within the country for 1-ton pick-up trucks decreased, exports of these vehicles were firm. As a result of this and other factors, production increased 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, production decreased year on year at PT. PK Manufacturing Indonesia as the vehicle exports declined.

[Sweden]

Although demand for commercial vehicles increased in Europe, production decreased year on year at PRESS KOGYO SWEDEN AB.

As a result of the above, net sales in this segment amounted to 81,672 million yen (up 13.9% year on year) and segment profit amounted to 7,873 million yen (up 19.4% 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 the start-up of production of automobile models newly ordered at the Onomichi Plant, despite the occurrence of adjustments of production for some customers in the second quarter.

[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 17,065 million yen (up 7.8% year on year) and segment profit amounted to 285 million yen (up 195.9% year on year).

(2) Explanation of financial position

Total assets as of September 30, 2023 were 186,057 million yen, an increase of 7,655 million yen from the end of the previous fiscal year. The main factor was an increase in machinery, equipment and vehicles.

Total liabilities were 69,640 million yen, an increase of 2,325 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 116,416 million yen, an increase of 5,329 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 56.6%.

(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 September 30, 2023
Assets		
Current assets		
Cash and deposits	22,344	26,167
Notes and accounts receivable - trade	44,088	42,262
Merchandise and finished goods	1,662	2,141
Work in process	11,993	9,834
Raw materials and supplies	2,011	2,195
Income taxes refund receivable	20	6
Other	4,958	5,315
Allowance for doubtful accounts	(14)	(17)
Total current assets	87,065	87,907
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,172	12,293
Machinery, equipment and vehicles, net	17,531	23,425
Land	32,441	32,574
Other, net	16,649	14,744
Total property, plant and equipment	77,794	83,038
Intangible assets		
Other	538	515
Total intangible assets	538	515
Investments and other assets		
Deferred tax assets	1,388	1,449
Retirement benefit asset	3,561	3,614
Investments and other assets	8,129	9,561
Allowance for doubtful accounts	(76)	(29)
Total investments and other assets	13,003	14,596
Total non-current assets	91,336	98,150
Total assets	178,402	186,057
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,486	32,567
Short-term borrowings	6,441	6,403
Income taxes payable	956	959
Provision for bonuses	3,486	2,608
Provisions	130	61
Other	9,144	11,049
Total current liabilities	51,646	53,650
Non-current liabilities		
Long-term borrowings	2,511	2,197
Deferred tax liabilities	2,198	2,668
Deferred tax liabilities for land revaluation	7,601	7,601
Provisions	140	139
Retirement benefit liability	2,276	2,442
Asset retirement obligations	405	406
Other	533	533
Total non-current liabilities	15,668	15,990
Total liabilities	67,315	69,640

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	8,070	8,070
Capital surplus	2,074	2,074
Retained earnings	67,980	70,618
Treasury shares	(1,936)	(2,183)
Total shareholders' equity	76,189	78,579
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,219	3,211
Revaluation reserve for land	17,255	17,255
Foreign currency translation adjustment	3,858	5,547
Remeasurements of defined benefit plans	745	689
Total accumulated other comprehensive income	24,078	26,704
Non-controlling interests	10,819	11,132
Total net assets	111,087	116,416
Total liabilities and net assets	178,402	186,057

(2) 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, 2022	Six months ended September 30, 2023
Net sales	87,536	98,899
Cost of sales	75,247	84,872
Gross profit	12,289	14,027
Selling, general and administrative expenses	7,272	7,671
Operating profit	5,016	6,356
Non-operating income		
Interest income	8	39
Dividend income	158	230
Rental income from non-current assets	28	25
Foreign exchange gains	590	338
Other	20	94
Total non-operating income	805	729
Non-operating expenses		
Interest expenses	99	207
Other	18	20
Total non-operating expenses	117	228
Ordinary profit	5,704	6,857
Extraordinary income		
Gain on sale of non-current assets	15	11
Economic compensation benefits from abandonment of land use rights	–	523
Gain on sale of investment securities	–	0
Gain on liquidation of subsidiaries and associates	885	–
Total extraordinary income	900	534
Extraordinary losses		
Loss on sale of non-current assets	0	–
Loss on retirement of non-current assets	8	23
Loss on valuation of investment securities	151	–
Total extraordinary losses	160	23
Profit before income taxes	6,444	7,368
Income taxes - current	1,488	1,755
Income taxes - deferred	46	106
Total income taxes	1,534	1,861
Profit	4,910	5,506
Profit attributable to non-controlling interests	979	1,086
Profit attributable to owners of parent	3,930	4,420

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	4,910	5,506
Other comprehensive income		
Valuation difference on available-for-sale securities	106	992
Foreign currency translation adjustment	3,911	2,442
Remeasurements of defined benefit plans, net of tax	(67)	(56)
Total other comprehensive income	3,949	3,379
Comprehensive income	8,859	8,885
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,825	7,046
Comprehensive income attributable to non-controlling interests	2,033	1,839

(3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	6,444	7,368
Depreciation	4,894	4,984
Increase (decrease) in provision for bonuses	(839)	(986)
Increase (decrease) in retirement benefit liability	51	55
Decrease (increase) in retirement benefit asset	(161)	(131)
Interest and dividend income	(166)	(270)
Interest expenses	99	207
Loss (gain) on sale of property, plant and equipment	(15)	(11)
Loss on retirement of property, plant and equipment	8	23
Loss (gain) on valuation of investment securities	151	–
Loss (gain) on liquidation of subsidiaries and associates	(885)	–
Economic compensation benefits from abandonment of land use rights	–	(523)
Decrease (increase) in trade receivables	7,957	3,295
Decrease (increase) in inventories	(2,603)	2,181
Increase (decrease) in trade payables	(661)	41
Other, net	(751)	(203)
Subtotal	13,523	16,030
Interest and dividends received	167	267
Interest paid	(92)	(207)
Income taxes refund	29	3
Income taxes paid	(2,721)	(1,799)
Net cash provided by (used in) operating activities	10,905	14,295
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,266)	(7,008)
Proceeds from sale of property, plant and equipment	17	13
Economic compensation benefits from abandonment of land use rights	–	959
Purchase of investment securities	(30)	(34)
Proceeds from liquidation of subsidiaries and associates	949	–
Other, net	(69)	(47)
Net cash provided by (used in) investing activities	(4,398)	(6,117)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,894)	(630)
Proceeds from long-term borrowings	200	–
Repayments of long-term borrowings	(611)	(368)
Purchase of treasury shares	(1,000)	(1,000)
Dividends paid to non-controlling interests	(1,218)	(1,525)
Dividends paid	(1,106)	(1,082)
Other, net	(40)	(15)
Net cash provided by (used in) financing activities	(6,672)	(4,623)
Effect of exchange rate change on cash and cash equivalents	244	266
Net increase (decrease) in cash and cash equivalents	79	3,821
Cash and cash equivalents at beginning of period	21,555	22,329
Cash and cash equivalents at end of period	21,634	26,150

(4) 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 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 six months ended September 30, 2023, including acquisitions by purchase of shares less than one unit.

2) Cancellation of treasury shares

The Company canceled 1,770,800 treasury shares on September 29, 2023 in accordance with a resolution at the Board of Directors meeting held on May 11, 2023. As a result, during the six months ended September 30, 2023, capital surplus, retained earnings and treasury shares decreased by 17 million yen, 699 million yen and 717 million yen, respectively.

As a result of the above, as of September 30, 2023, capital surplus, retained earnings and treasury shares were 2,074 million yen, 70,618 million yen and 2,183 million yen, respectively.

(Segment information)

[Segment information]

I Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

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	71,414	14,869	86,283	1,252	87,536	–	87,536
Intersegment sales or transfers	260	963	1,223	–	1,223	(1,223)	–
Total	71,675	15,832	87,507	1,252	88,760	(1,223)	87,536
Segment profit	6,593	96	6,690	50	6,741	(1,724)	5,016

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 (1,724) million yen include intersegment transaction eliminations of 2 million yen and corporate expenses not allocated to each reportable segment of (1,727) 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 Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

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	81,419	16,023	97,442	1,457	98,899	–	98,899
Intersegment sales or transfers	253	1,042	1,295	–	1,295	(1,295)	–
Total	81,672	17,065	98,738	1,457	100,195	(1,295)	98,899
Segment profit	7,873	285	8,158	61	8,220	(1,864)	6,356

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 (1,864) million yen include intersegment transaction eliminations of (0) million yen and corporate expenses not allocated to each reportable segment of (1,863) 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.