

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 6, 2020

Company name: PRESS KOGYO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7246 URL <https://www.presskogyo.co.jp>
 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 6, 2020
 Scheduled date to commence dividend payments: –
 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, 2020 (from April 1, 2020 to September 30, 2020)

(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, 2020	67,194	(36.1)	(1,281)	–	(1,220)	–	(2,585)	–
Six months ended September 30, 2019	105,200	(1.9)	3,019	(51.8)	2,969	(53.0)	1,477	(60.1)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	(23.85)	–
Six months ended September 30, 2019	13.50	–

(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, 2020	139,313	89,442	59.9	769.93
As of March 31, 2020	154,170	94,624	56.3	801.06

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, 2020	–	6.50	–	6.50	13.00
Year ending March 31, 2021	–	0.00			
Year ending March 31, 2021 (Forecast)			–	6.00	6.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	148,500	(27.7)	2,100	(71.8)	2,200	(70.0)	(700)	–	(6.46)

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(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, 2020	114,009,770 shares	As of March 31, 2020	114,009,770 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	5,608,898 shares	As of March 31, 2020	5,608,758 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	108,400,976 shares	Six months ended September 30, 2019	109,406,769 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	22,291	20,064
Notes and accounts receivable - trade	34,633	20,532
Merchandise and finished goods	1,408	1,184
Work in process	8,618	11,049
Raw materials and supplies	1,369	1,325
Income taxes receivable	446	27
Other	1,828	1,631
Total current assets	70,597	55,815
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,724	11,341
Machinery, equipment and vehicles, net	19,648	19,245
Land	32,306	32,260
Other, net	10,772	10,687
Total property, plant and equipment	74,452	73,533
Intangible assets		
Other	532	617
Total intangible assets	532	617
Investments and other assets		
Deferred tax assets	681	751
Retirement benefit asset	2,853	2,903
Investment and other assets	5,129	5,767
Allowance for doubtful accounts	(76)	(76)
Total investments and other assets	8,588	9,347
Total non-current assets	83,573	83,498
Total assets	154,170	139,313
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,235	15,755
Short-term borrowings	7,689	10,132
Income taxes payable	154	274
Provision for bonuses	3,289	2,206
Provisions	98	6
Other	7,582	6,741
Total current liabilities	45,050	35,117
Non-current liabilities		
Long-term borrowings	2,767	3,154
Deferred tax liabilities	1,081	759
Deferred tax liabilities for land revaluation	7,601	7,601
Provisions	83	255
Retirement benefit liability	2,032	2,045
Asset retirement obligations	404	404
Other	526	533
Total non-current liabilities	14,496	14,754
Total liabilities	59,546	49,871

	(Millions of yen)	
	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Share capital	8,070	8,070
Capital surplus	2,074	2,074
Retained earnings	59,156	55,866
Treasury shares	(1,619)	(1,619)
Total shareholders' equity	67,682	64,392
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	161	618
Revaluation reserve for land	17,255	17,255
Foreign currency translation adjustment	1,239	644
Remeasurements of defined benefit plans	496	550
Total accumulated other comprehensive income	19,153	19,069
Non-controlling interests	7,788	5,980
Total net assets	94,624	89,442
Total liabilities and net assets	154,170	139,313

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, 2019	Six months ended September 30, 2020
Net sales	105,200	67,194
Cost of sales	94,732	62,112
Gross profit	10,467	5,081
Selling, general and administrative expenses	7,448	6,363
Operating profit (loss)	3,019	(1,281)
Non-operating income		
Interest income	27	16
Dividend income	99	90
Rental income from non-current assets	31	36
Other	28	108
Total non-operating income	187	252
Non-operating expenses		
Interest expenses	169	112
Foreign exchange losses	31	57
Other	36	19
Total non-operating expenses	237	190
Ordinary profit (loss)	2,969	(1,220)
Extraordinary income		
Gain on sales of non-current assets	6	1
Gain on insurance claims	2	1
Total extraordinary income	8	3
Extraordinary losses		
Loss on retirement of non-current assets	16	37
Impairment loss	—	73
Provision for environmental measures	—	179
Loss on COVID19	—	1,673
Total extraordinary losses	16	1,964
Profit (loss) before income taxes	2,961	(3,180)
Income taxes - current	765	463
Income taxes - deferred	(36)	(626)
Total income taxes	728	(162)
Profit (loss)	2,232	(3,018)
Profit (loss) attributable to non-controlling interests	755	(432)
Profit (loss) attributable to owners of parent	1,477	(2,585)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit (loss)	2,232	(3,018)
Other comprehensive income		
Valuation difference on available-for-sale securities	(829)	457
Foreign currency translation adjustment	(119)	(947)
Remeasurements of defined benefit plans, net of tax	56	38
Total other comprehensive income	(892)	(451)
Comprehensive income	1,339	(3,469)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	448	(2,680)
Comprehensive income attributable to non-controlling interests	891	(788)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	2,961	(3,180)
Depreciation	4,612	4,032
Impairment loss	–	73
Increase (decrease) in provision for bonuses	(974)	(1,024)
Increase (decrease) in retirement benefit liability	281	75
Decrease (increase) in retirement benefit asset	(28)	21
Interest and dividend income	(127)	(107)
Interest expenses	169	112
Loss on COVID19	–	1,673
Loss (gain) on sales of property, plant and equipment	(6)	(1)
Loss on retirement of property, plant and equipment	16	37
Decrease (increase) in trade receivables	2,978	13,645
Decrease (increase) in inventories	273	(2,307)
Increase (decrease) in trade payables	(994)	(10,041)
Other, net	(99)	(36)
Subtotal	9,063	2,970
Interest and dividends received	128	105
Interest paid	(170)	(110)
Income taxes refund	2	449
Income taxes paid	(1,590)	(446)
Payments for loss on COVID19	–	(517)
Proceeds from insurance income	2	1
Net cash provided by (used in) operating activities	7,435	2,451
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,403)	(5,378)
Proceeds from sales of property, plant and equipment	11	2
Purchase of investment securities	(18)	(18)
Other, net	(124)	(173)
Net cash provided by (used in) investing activities	(4,534)	(5,569)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	601	2,460
Proceeds from long-term borrowings	–	941
Repayments of long-term borrowings	(762)	(420)
Purchase of treasury shares	(703)	(0)
Dividends paid to non-controlling interests	(1,376)	(1,018)
Dividends paid	(824)	(704)
Other, net	(42)	(12)
Net cash provided by (used in) financing activities	(3,107)	1,246
Effect of exchange rate change on cash and cash equivalents	(2)	(357)
Net increase (decrease) in cash and cash equivalents	(209)	(2,228)
Cash and cash equivalents at beginning of period	18,539	22,273
Cash and cash equivalents at end of period	18,330	20,045