

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2019 (Based on Japanese GAAP)

May 10, 2019

Company name: PRESS KOGYO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7246 URL <http://www.presskogyo.co.jp>
 Representative: President & CEO Tetsushi Mino
 Inquiries: General Manager, General Affairs Dept. Hisako Konishi TEL 044-276-3901
 Scheduled date of ordinary general meeting of shareholders: June 27, 2019
 Scheduled date to file Securities Report: June 27, 2019
 Scheduled date to commence dividend payments: June 28, 2019
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

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	%
Year ended March 31, 2019	220,661	4.0	13,800	20.0	13,661	19.4	7,567	29.5
Year ended March 31, 2018	212,119	13.7	11,499	33.1	11,437	41.2	5,842	11.0

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	69.10	—	8.9	8.3	6.3
Year ended March 31, 2018	53.78	—	7.3	7.0	5.4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	159,073	94,214	54.8	793.05
As of March 31, 2018	168,549	88,123	48.9	758.80

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	16,825	(7,419)	(15,450)	18,539
Year ended March 31, 2018	17,883	(7,768)	(5,758)	24,611

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	—	6.00	—	6.00	12.00	1,303	22.3	1.6
Year ended March 31, 2019	—	6.50	—	7.50	14.00	1,538	20.3	1.8
Year ending March 31, 2020 (Forecast)	—	6.50	—	6.50	13.00		24.5	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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, 2019	105,000	(2.0)	4,900	(21.7)	4,900	(22.4)	2,600	(29.8)	23.74
Full year	213,000	(3.5)	10,700	(22.5)	10,500	(23.1)	5,800	(23.4)	52.96

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2019	114,009,770 shares	As of March 31, 2018	114,007,210 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	4,108,216 shares	As of March 31, 2018	5,384,192 shares
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Average number of shares during the period

Year ended March 31, 2019	109,508,569 shares	Year ended March 31, 2018	108,623,824 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	24,626	18,556
Notes and accounts receivable - trade	38,263	38,778
Merchandise and finished goods	1,547	1,363
Work in process	10,316	10,395
Raw materials and supplies	1,294	1,266
Income taxes receivable	24	193
Other	2,554	2,528
Allowance for doubtful accounts	—	(1)
Total current assets	78,627	73,080
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,443	37,800
Accumulated depreciation	(24,869)	(25,585)
Buildings and structures, net	12,574	12,214
Machinery, equipment and vehicles	98,377	98,384
Accumulated depreciation	(74,658)	(77,364)
Machinery, equipment and vehicles, net	23,718	21,020
Tools, furniture and fixtures	32,921	30,207
Accumulated depreciation	(26,807)	(25,049)
Tools, furniture and fixtures, net	6,114	5,157
Land	31,957	31,928
Construction in progress	2,425	3,913
Total property, plant and equipment	76,791	74,234
Intangible assets	579	516
Investments and other assets		
Investment securities	8,469	7,092
Deferred tax assets	807	625
Retirement benefit asset	1,871	2,445
Other	1,476	1,229
Allowance for doubtful accounts	(74)	(150)
Total investments and other assets	12,550	11,241
Total non-current assets	89,921	85,992
Total assets	168,549	159,073

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,779	24,438
Electronically recorded obligations - operating	5,928	3,557
Short-term loans payable	11,430	9,162
Lease obligations	144	56
Current portion of bonds with share acquisition rights	10,000	—
Income taxes payable	1,248	1,264
Provision for bonuses	3,359	3,592
Provision for bonuses for directors (and other officers)	135	147
Other	7,693	8,119
Total current liabilities	64,719	50,338
Non-current liabilities		
Long-term loans payable	3,959	2,905
Lease obligations	65	29
Deferred tax liabilities	1,691	1,581
Deferred tax liabilities for land revaluation	7,601	7,601
Retirement benefit liability	1,499	1,587
Provision for environmental measures	148	101
Asset retirement obligations	410	410
Other	331	301
Total non-current liabilities	15,706	14,520
Total liabilities	80,425	64,858
Net assets		
Shareholders' equity		
Capital stock	8,070	8,070
Capital surplus	2,075	2,074
Retained earnings	51,040	56,957
Treasury shares	(1,199)	(916)
Total shareholders' equity	59,986	66,186
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,304	2,319
Revaluation reserve for land	17,255	17,255
Foreign currency translation adjustment	1,920	1,180
Remeasurements of defined benefit plans	(44)	214
Total accumulated other comprehensive income	22,436	20,970
Non-controlling interests	5,700	7,057
Total net assets	88,123	94,214
Total liabilities and net assets	168,549	159,073

Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	212,119	220,661
Cost of sales	186,377	191,939
Gross profit	25,742	28,721
Selling, general and administrative expenses	14,242	14,921
Operating profit	11,499	13,800
Non-operating income		
Interest income	32	36
Dividend income	165	181
Rent income on non-current assets	66	64
Foreign exchange gains	31	18
Other	55	65
Total non-operating income	350	366
Non-operating expenses		
Interest expenses	358	338
Provision of allowance for doubtful accounts	—	76
Other	54	89
Total non-operating expenses	412	505
Ordinary profit	11,437	13,661
Extraordinary income		
Gain on sales of non-current assets	11	19
Gain on insurance adjustment	0	6
Total extraordinary income	11	25
Extraordinary losses		
Loss on sales of non-current assets	14	109
Loss on retirement of non-current assets	169	56
Loss on disaster	—	208
Impairment loss	—	20
Provision for environmental measures	138	—
Total extraordinary losses	321	395
Profit before income taxes	11,127	13,291
Income taxes - current	2,710	2,991
Income taxes - deferred	791	335
Total income taxes	3,501	3,326
Profit	7,625	9,964
Profit attributable to non-controlling interests	1,783	2,397
Profit attributable to owners of parent	5,842	7,567

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	7,625	9,964
Other comprehensive income		
Valuation difference on available-for-sale securities	524	(984)
Foreign currency translation adjustment	510	(844)
Remeasurements of defined benefit plans, net of tax	335	261
Total other comprehensive income	1,370	(1,567)
Comprehensive income	8,996	8,396
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,996	6,101
Comprehensive income attributable to non-controlling interests	1,999	2,295

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,070	2,075	46,501	(1,198)	55,448
Changes of items during period					
Dividends of surplus			(1,303)		(1,303)
Profit attributable to owners of parent			5,842		5,842
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	4,538	(0)	4,537
Balance at end of current period	8,070	2,075	51,040	(1,199)	59,986

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,780	17,255	1,628	(382)	21,282	3,933	80,664
Changes of items during period							
Dividends of surplus							(1,303)
Profit attributable to owners of parent							5,842
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	524	—	292	338	1,154	1,766	2,921
Total changes of items during period	524	—	292	338	1,154	1,766	7,458
Balance at end of current period	3,304	17,255	1,920	(44)	22,436	5,700	88,123

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,070	2,075	51,040	(1,199)	59,986
Changes of items during period					
Dividends of surplus			(1,366)		(1,366)
Profit attributable to owners of parent			7,567		7,567
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(0)	(284)	284	—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(0)	5,916	283	6,199
Balance at end of current period	8,070	2,074	56,957	(916)	66,186

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	3,304	17,255	1,920	(44)	22,436	5,700	88,123
Changes of items during period							
Dividends of surplus							(1,366)
Profit attributable to owners of parent							7,567
Purchase of treasury shares							(1)
Disposal of treasury shares							—
Net changes of items other than shareholders' equity	(984)	—	(739)	258	(1,465)	1,357	(108)
Total changes of items during period	(984)	—	(739)	258	(1,465)	1,357	6,091
Balance at end of current period	2,319	17,255	1,180	214	20,970	7,057	94,214

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	11,127	13,291
Depreciation	9,167	9,586
Loss on disaster	—	208
Impairment loss	—	20
Increase (decrease) in allowance for doubtful accounts	(10)	77
Increase (decrease) in provision for bonuses	277	248
Increase (decrease) in provision for bonuses for directors (and other officers)	(9)	12
Increase (decrease) in retirement benefit liability	457	120
Decrease (increase) in retirement benefit asset	(251)	(222)
Interest and dividend income	(197)	(218)
Interest expenses	358	338
Gain on sales of Property, plant and equipment	(11)	(19)
Loss on sales of Property, plant and equipment	14	109
Loss on retirement of property, plant and equipment	169	56
Decrease (increase) in notes and accounts receivable - trade	(3,355)	(851)
Increase (decrease) in notes and accounts payable - trade	2,266	(2,459)
Decrease (increase) in inventories	(936)	(45)
Other, net	1,342	(370)
Subtotal	20,407	19,884
Interest and dividend income received	199	216
Interest expenses paid	(365)	(338)
Income taxes refund	0	31
Income taxes paid	(2,357)	(2,975)
Proceeds from insurance income	0	6
Net cash provided by (used in) operating activities	17,883	16,825
Cash flows from investing activities		
Payments into time deposits	(3)	(3)
Proceeds from withdrawal of time deposits	253	2
Purchase of property, plant and equipment	(7,720)	(7,190)
Proceeds from sales of property, plant and equipment	28	79
Purchase of investment securities	(181)	(33)
Payments of loans receivable	(15)	(85)
Collection of loans receivable	15	10
Other, net	(143)	(198)
Net cash provided by (used in) investing activities	(7,768)	(7,419)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,245)	(1,904)
Proceeds from long-term loans payable	457	522
Repayments of long-term loans payable	(1,293)	(1,620)
Dividends paid to non-controlling interests	(232)	(938)
Cash dividends paid	(1,303)	(1,366)
Amortization by purchase of convertible bond with stock acquisition rights	—	(10,000)
Other, net	(140)	(143)
Net cash provided by (used in) financing activities	(5,758)	(15,450)
Effect of exchange rate change on cash and cash equivalents	56	(26)
Net increase (decrease) in cash and cash equivalents	4,412	(6,071)
Cash and cash equivalents at beginning of period	20,198	24,611
Cash and cash equivalents at end of period	24,611	18,539

Non-consolidated financial statements

Non-consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	20,593	11,654
Notes receivable - trade	2,740	3,342
Accounts receivable - trade	19,204	19,840
Work in process	4,994	5,572
Raw materials and supplies	612	672
Prepaid expenses	83	89
Other	1,540	1,137
Total current assets	49,770	42,309
Non-current assets		
Property, plant and equipment		
Buildings	4,108	4,178
Structures	472	493
Machinery and equipment	6,347	6,192
Vehicles	24	64
Tools, furniture and fixtures	1,512	1,339
Land	29,017	29,017
Construction in progress	1,192	785
Total property, plant and equipment	42,675	42,072
Intangible assets		
Software	259	335
Other	18	19
Total intangible assets	278	354
Investments and other assets		
Investment securities	8,191	6,842
Shares of subsidiaries and associates	7,917	7,917
Investments in capital of subsidiaries and associates	4,319	4,319
Long-term loans receivable from subsidiaries and associates	1,640	1,712
Prepaid pension cost	1,908	2,130
Other	329	282
Allowance for doubtful accounts	(74)	(74)
Total investments and other assets	24,232	23,130
Total non-current assets	67,185	65,558
Total assets	116,955	107,867

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes payable - trade	25	2
Accounts payable - trade	10,376	10,641
Electronically recorded obligations - operating	6,351	3,586
Current portion of bonds with share acquisition rights	10,000	—
Lease obligations	1	1
Accounts payable - other	256	553
Accrued expenses	1,312	1,486
Income taxes payable	728	916
Advances received	284	161
Deposits received	3,252	3,130
Provision for bonuses	1,691	1,807
Provision for bonuses for directors (and other officers)	120	120
Other	622	799
Total current liabilities	35,021	23,207
Non-current liabilities		
Lease obligations	1	0
Deferred tax liabilities	1,110	702
Deferred tax liabilities for land revaluation	7,601	7,601
Provision for retirement benefits	535	538
Provision for environmental measures	148	101
Asset retirement obligations	338	339
Other	0	0
Total non-current liabilities	9,735	9,283
Total liabilities	44,756	32,490
Net assets		
Shareholders' equity		
Capital stock	8,070	8,070
Capital surplus		
Legal capital surplus	2,074	2,074
Other capital surplus	0	—
Total capital surpluses	2,075	2,074
Retained earnings		
Legal retained earnings	25	25
Other retained earnings		
Reserve for advanced depreciation of non-current assets	29	24
General reserve	11,000	11,000
Retained earnings brought forward	31,693	35,554
Total retained earnings	42,748	46,604
Treasury shares	(1,199)	(916)
Total shareholders' equity	51,694	55,832
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,248	2,288
Revaluation reserve for land	17,255	17,255
Total valuation and translation adjustments	20,504	19,544
Total net assets	72,198	75,377
Total liabilities and net assets	116,955	107,867

Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	110,127	112,500
Cost of sales	97,771	99,093
Gross profit	12,356	13,407
Selling, general and administrative expenses		
Delivery expenses of finished goods	1,251	1,314
Employees' salaries and allowances	2,050	2,159
Employees' bonuses	364	382
Provision for bonuses	406	449
Provision for bonuses for directors (and other officers)	120	120
Retirement benefit expenses	280	203
Welfare expenses	639	668
Depreciation	107	118
Research and development expenses	305	329
Other	1,292	1,335
Total selling, general and administrative expenses	6,819	7,080
Operating profit	5,537	6,326
Non-operating income		
Interest income	54	71
Dividend income	473	1,327
Rent income on non-current assets	103	94
Foreign exchange gains	5	66
Other	15	27
Total non-operating income	652	1,587
Non-operating expenses		
Interest expenses	15	17
Commitment fee	34	32
Other	10	44
Total non-operating expenses	60	94
Ordinary profit	6,128	7,819
Extraordinary income		
Gain on sales of non-current assets	9	0
Gain on insurance adjustment	0	6
Total extraordinary income	9	6
Extraordinary losses		
Loss on sales of non-current assets	11	—
Loss on retirement of non-current assets	158	43
Loss on disaster	—	167
Impairment loss	—	20
Provision for environmental measures	137	—
Total extraordinary losses	307	231
Profit before income taxes	5,830	7,594
Income taxes - current	1,802	2,082
Income taxes - deferred	(26)	5
Total income taxes	1,775	2,088
Profit	4,055	5,505

Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity										
	Capital stock	Capital surplus			Retained earnings					Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
Balance at beginning of current period	8,070	2,074	0	2,075	25	32	11,000	28,938	39,996	(1,198)	48,943
Changes of items during period											
Reversal of reserve for advanced depreciation of non-current assets						(2)		2	—		—
Dividends of surplus								(1,303)	(1,303)		(1,303)
Profit								4,055	4,055		4,055
Purchase of treasury shares										(0)	(0)
Net changes of items other than shareholders' equity											
Total changes of items during period	—	—	—	—	—	(2)	—	2,754	2,751	(0)	2,750
Balance at end of current period	8,070	2,074	0	2,075	25	29	11,000	31,693	42,748	(1,199)	51,694

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of current period	2,738	17,255	19,994	68,938
Changes of items during period				
Reversal of reserve for advanced depreciation of non-current assets				—
Dividends of surplus				(1,303)
Profit				4,055
Purchase of treasury shares				(0)
Net changes of items other than shareholders' equity	509	—	509	509
Total changes of items during period	509	—	509	3,260
Balance at end of current period	3,248	17,255	20,504	72,198

	Shareholders' equity										
	Capital stock	Capital surplus			Retained earnings					Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
Balance at beginning of current period	8,070	2,074	0	2,075	25	29	11,000	31,693	42,748	(1,199)	51,694
Changes of items during period											
Reversal of reserve for advanced depreciation of non-current assets						(5)		5	—		—
Dividends of surplus								(1,366)	(1,366)		(1,366)
Profit								5,505	5,505		5,505
Purchase of treasury shares										(1)	(1)
Disposal of treasury shares			(0)	(0)				(284)	(284)	284	—
Net changes of items other than shareholders' equity											
Total changes of items during period	—	—	(0)	(0)	—	(5)	—	3,861	3,855	283	4,138
Balance at end of current period	8,070	2,074	—	2,074	25	24	11,000	35,554	46,604	(916)	55,832

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of current period	3,248	17,255	20,504	72,198
Changes of items during period				
Reversal of reserve for advanced depreciation of non-current assets				–
Dividends of surplus				(1,366)
Profit				5,505
Purchase of treasury shares				(1)
Disposal of treasury shares				–
Net changes of items other than shareholders' equity	(960)	–	(960)	(960)
Total changes of items during period	(960)	–	(960)	3,178
Balance at end of current period	2,288	17,255	19,544	75,377