

# Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]



August 7, 2023

Company name: KYODO PRINTING CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 7914

URL: <https://www.kyodoprinting.co.jp/>

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Scheduled date of filing quarterly securities report: August 10, 2023

Scheduled date of commencing dividend payments: –

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2023	22,581	4.3	14	–	348	258.2	173	–
June 30, 2022	21,647	2.8	(251)	–	97	–	(340)	–

(Note) Comprehensive income: Three Months Ended June 30, 2023: ¥1,625 million [–%]

Three Months Ended June 30, 2022: ¥(2,033) million [–%]

	Basic net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2023	22.79	–
June 30, 2022	(42.90)	–

(2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	123,072	58,985	47.9
As of March 31, 2023	123,471	57,720	46.7

(Reference) Equity: As of June 30, 2023: ¥58,952 million

As of March 31, 2023: ¥57,690 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen —	Yen 50.00	Yen —	Yen 50.00	Yen 100.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		50.00	—	50.00	100.00

(Note) Revision to the dividend forecast announced most recently: No

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	47,000	6.7	100	—	450	825.5	150	—	19.69
Full year	101,000	8.2	1,700	119.2	2,200	70.7	1,500	19.7	196.86

(Note) Revision to the financial results forecast announced most recently: No

**\* Notes:**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No  
Newly added: – (Name of subsidiary): –, Excluded: – (Name of subsidiary): –
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes  
(Note) For details, please see “1. Quarterly Consolidated Financial Statements and Primary Notes (4) Notes to Quarterly Consolidated Financial Statements (Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)” on page 7 of the attached documents.
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: No
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) Total number of issued shares (common stock)
- 1) Total number of issued shares at the end of the period (including treasury stock):  
June 30, 2023: 8,370,000 shares  
March 31, 2023: 8,370,000 shares
  - 2) Total number of shares of treasury stock at the end of the period:  
June 30, 2023: 748,002 shares  
March 31, 2023: 754,966 shares
  - 3) Average number of shares during the period:  
Three months ended June 30, 2023: 7,619,682 shares  
Three months ended June 30, 2022: 7,947,399 shares

\* These quarterly financial results are outside the scope of quarterly review by certified public accountants or audit firms.

**\* Explanation of the proper use of financial results forecast and other notes**

The financial results forecast and certain other statements regarding the future in this document are based on the information currently available to the Company and certain assumptions considered to be rational by the Company and they do not constitute a guarantee that the Company will achieve the forecast or other forward-looking statements. The actual results may differ substantially from the forecast for various reasons.

# 1. Quarterly Consolidated Financial Statements and Primary Notes

## (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	10,557	9,268
Notes and accounts receivable - trade, and contract assets	26,896	25,839
Securities	-	7
Merchandise and finished products	3,436	3,896
Work in process	2,850	2,799
Raw materials and supplies	1,244	1,314
Other	939	1,010
Allowance for doubtful accounts	(11)	(11)
<b>Total current assets</b>	<b>45,912</b>	<b>44,124</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	28,940	28,567
Machinery and vehicles, net	12,769	12,454
Furniture and fixtures, net	1,537	1,546
Land	14,864	14,885
Lease assets, net	1,148	1,126
Construction in progress	450	645
<b>Total property, plant and equipment</b>	<b>59,710</b>	<b>59,225</b>
Intangible assets		
Goodwill	380	320
Software	964	921
Other	206	217
<b>Total intangible assets</b>	<b>1,550</b>	<b>1,459</b>
Investments and other assets		
Investment securities	12,802	14,757
Asset for retirement benefits	2,056	2,077
Deferred tax assets	310	359
Other	1,132	1,075
Allowance for doubtful accounts	(5)	(6)
<b>Total investments and other assets</b>	<b>16,297</b>	<b>18,263</b>
<b>Total non-current assets</b>	<b>77,558</b>	<b>78,948</b>
<b>Total assets</b>	<b>123,471</b>	<b>123,072</b>

(Million yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	17,627	17,672
Short-term debt	112	105
Current portion of bonds payable	3,000	3,000
Current portion of long-term debt	2,405	2,409
Lease obligations	383	387
Income taxes payable	237	134
Accrued bonuses	1,283	409
Accrued bonuses for directors	44	10
Provision for environmental measures	102	102
Provision for loss on Anti-Monopoly Act	838	–
Other	7,764	7,833
Total current liabilities	33,800	32,064
Long-term liabilities		
Long-term debt	6,182	5,603
Lease obligations	914	873
Deferred tax liabilities	1,078	1,684
Provision for share-based remuneration for directors	15	15
Liability for retirement benefits	6,473	6,604
Asset retirement obligations	8	8
Long-term advances received	17,066	17,008
Other	211	224
Total long-term liabilities	31,951	32,022
Total liabilities	65,751	64,087
<b>Equity</b>		
Shareholders' equity		
Common stock	4,510	4,510
Capital surplus	1,688	1,688
Retained earnings	47,881	47,665
Treasury stock	(2,160)	(2,130)
Total shareholders' equity	51,919	51,732
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	5,881	7,263
Foreign currency translation adjustments	196	252
Remeasurement of defined benefit plans	(307)	(296)
Total accumulated other comprehensive income	5,770	7,219
Non-controlling interests	30	33
Total equity	57,720	58,985
Total liabilities and equity	123,471	123,072

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Three Months Ended June 30

(Million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	21,647	22,581
Cost of sales	17,729	18,343
Gross profit	3,917	4,238
Selling, general and administrative expenses	4,168	4,224
Operating income (loss)	(251)	14
Non-operating income		
Interest income	1	0
Dividend income	136	142
Gain on sales of goods	7	8
Rent income on facilities	18	17
Dividend income of insurance	171	146
Foreign exchange gains	32	32
Other	83	36
Total non-operating income	450	385
Non-operating expenses		
Interest expenses	41	29
Rent expenses on facilities	11	8
Share of loss of entities accounted for using equity method	14	–
Other	34	12
Total non-operating expenses	102	51
Ordinary income	97	348
Extraordinary income		
Gain on sales of non-current assets	38	0
Gain on sales of investment securities	–	118
Total extraordinary income	38	119
Extraordinary losses		
Loss on sales and retirement of non-current assets	167	50
Loss on sales of investment securities	–	0
Impairment loss	–	29
Head office relocation expenses	165	–
Other	4	–
Total extraordinary losses	337	80
Income (loss) before income taxes	(202)	387
Income taxes	142	211
Net income (loss)	(344)	175
Net income (loss) attributable to non-controlling interests	(3)	2
Net income (loss) attributable to owners of parent	(340)	173

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net income (loss)	(344)	175
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	(1,793)	1,402
Foreign currency translation adjustments	105	57
Remeasurement of defined benefit plans	(2)	11
Share of other comprehensive income in associate accounted for using the equity method	0	(20)
Total other comprehensive income (loss)	(1,689)	1,450
Comprehensive income	(2,033)	1,625
Total comprehensive income (loss) attributable to:		
Owners of parent	(2,031)	1,623
Non-controlling interests	(2)	2

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
<b>Operating activities:</b>		
Income (loss) before income taxes	(202)	387
Depreciation and amortization	1,434	1,382
Impairment loss	–	29
Amortization of goodwill	140	60
Increase (decrease) in liability for retirement benefits	76	124
Increase (decrease) in allowance for doubtful accounts	(2)	0
Increase (decrease) in accrued bonuses	(790)	(874)
Increase (decrease) in accrued bonuses for directors	(41)	(33)
Increase (decrease) in provision for loss on Anti-Monopoly Act	(380)	(838)
Increase (decrease) in provision for dismantling of non-current assets	(388)	–
Interest and dividend income	(137)	(143)
Interest expenses	41	29
Share of (profit) loss of entities accounted for using equity method	14	–
(Gain) loss on sales of investment securities	–	(118)
(Gain) loss on sales and retirement of non-current assets	129	50
(Increase) decrease in trade receivables	1,422	1,074
(Increase) decrease in inventories	(774)	(467)
Increase (decrease) in trade payables	699	31
Increase (decrease) in accrued consumption tax	252	(699)
(Increase) decrease in claims provable in bankruptcy, claims provable in rehabilitation	(0)	(1)
Increase (decrease) in accrued expense	1,584	60
Increase (decrease) in long-term advances received	17,240	(58)
Other	(1,413)	741
Subtotal	18,906	737
Interest and dividends received	137	143
Interest paid	(48)	(35)
Income taxes—paid	(513)	(316)
Net cash provided by operating activities	18,481	528
<b>Investing activities:</b>		
Purchases of property, plant and equipment and intangible assets	(197)	(894)
Proceeds from sales of property, plant and equipment and intangible assets	39	0
Purchases of investment securities	(2)	(2)
Proceeds from sales of investment securities	–	179
Collection of loans receivable	0	–
Other	43	21
Net cash used in investing activities	(116)	(695)



(Million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Financing activities:		
Net increase (decrease) in short-term debt	(6,800)	(12)
Proceeds from long-term debt	–	28
Repayments of long-term debt	(607)	(607)
Dividends paid	(412)	(395)
Dividends paid to non-controlling interests	(16)	–
Purchase of treasury stock	(0)	(0)
Proceeds from disposal of treasury stock	7	7
Other	(143)	(106)
Net cash used in financing activities	(7,972)	(1,085)
Foreign currency translation adjustments on cash and cash equivalents	(52)	(36)
Net increase (decrease) in cash and cash equivalents	10,340	(1,289)
Cash and cash equivalents, beginning of period	8,890	10,500
Cash and cash equivalents, end of period	19,231	9,210

#### (4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

There is no relevant information.

(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)

(Tax expense)

Tax expense for the period under review is measured by applying a reasonably estimated effective tax rate for this fiscal year as adjusted after tax effect accounting to income before income taxes for the period.

(Additional information)

(Transactions of delivering the Company's own stock to employees etc. through trusts)

##### 1) Board Benefit Trust (BBT)

In accordance with the resolution of the 138th Annual Shareholders' Meeting held on June 28, 2018, the Company introduced a Board Benefit Trust (BBT) (hereinafter, referred to as the "System"), as a new performance-linked stock compensation plan for directors and executive officers of the Company and directors with executive positions at certain subsidiaries of the Company (hereinafter, referred to as "Directors, etc.").

##### (i) Overview of the transaction

The System is a stock-based compensation plan under which the Company's stocks are acquired through a trust funded by money contributed by the Company, and the Company's stocks and money equivalent to the market value of the Company stocks are paid to Directors, etc., based on their performance and other factors, through the trust in accordance with the Rules for Payment of Share-based Remuneration for Directors established by the Company and some of its subsidiaries. In principle, the time when Directors, etc. receive the Company's stock, etc. is at the time of their retirement from the positions of Directors, etc.

##### (ii) The remaining balance of the Company's own stock in the trust

The Company records the balance of the Company's stock remaining in the trust as treasury stock in the net assets section at the carrying amount (excluding the amount of ancillary expenses) in the trust. The carrying amount and the number of shares of such treasury stock as of March 31, 2023 was ¥161 million and 55,000 shares. The carrying amount and the number of shares of such treasury stock as of June 30, 2023 was ¥161 million and 55,000 shares.

##### (iii) Carrying amount of debt recorded using application of the gross method

There is no relevant information.

2) Board Benefit Trust (J-ESOP)

In accordance with the resolution of the Board of Directors held on February 18, 2022, the Company introduced a Board Benefit Trust (J-ESOP) (hereinafter, referred to as the “System”) on March 10, 2022 that will establish a closer link between the Company stock price and performance and the treatment of employees and that will result in economic effects being shared across all our shareholders, with the aim of increasing employee motivation and morale to improve the Company stock price and business performance.

(i) Overview of the transaction

A mechanism for distributing Company stocks to Company employees that fulfil set criteria in accordance with the Rules on Stock Distribution formulated at the point of introduction of the System.

In order to acquire stocks that will be distributed in the future, the Company shall entrust money to the Custody Bank of Japan, Ltd. (Trust account E) as a trust property of the Board Benefit Trust (J-ESOP), and said trust bank shall acquire Company stock using this entrusted money.

(ii) The remaining balance of the Company’s own stock in the trust

The Company records the balance of the Company’s stock remaining in the trust as treasury stock in the net assets section at the carrying amount (excluding the amount of ancillary expenses) in the trust. The carrying amount and the number of shares of such treasury stock as of March 31, 2023 was ¥417 million and 150,000 shares. The carrying amount and the number of shares of such treasury stock as of June 30, 2023 was ¥417 million and 150,000 shares.

(iii) Carrying amount of debt recorded using application of the gross method

There is no relevant information.

3) Board Benefit Trust (Employee Shareholding Association Disposal Type)

In order to increase employee benefits and to provide incentives for improving the Company’s corporate value, the Company introduced a Board Benefit Trust (Employee Shareholding Association Disposal Type) (hereinafter, referred to as the “System”) on March 10, 2022 in accordance with the resolution of the Board of Directors held on February 18, 2022.

(i) Overview of the transaction

In introducing the System, the Company has concluded a Board Benefit Trust (Employee Shareholding Association Disposal Type) Agreement (hereinafter, referred to as the “Trust Agreement”) with the Company as the trustor and Mizuho Trust & Banking Co., Ltd. as the trustee (hereinafter, referred to as the “Trustee”) (hereinafter, the trust established in accordance with the Trust Agreement shall be referred to as the “Trust”). Further, the Trustee has concluded an agreement with the Custody Bank of Japan, Ltd. to re-entrust the management of trust properties such as securities with the Custody Bank of Japan, Ltd. as the Retrustee.

The Trust shall acquire beforehand in one batch a number of the Company’s common stock equivalent to the amount the Shareholding Association is expected to purchase over the five years beginning March 2022, after which, it shall share the Company’s common stock at the point the Shareholding Association makes its stock purchases. If, through the sale of the Company’s common stock to the Shareholding Association via the Trust, an amount equivalent to gain on the sale of stock accumulates in the Trust’s trust property by the end of the trust, such money will be distributed as residual property to members of the Shareholding Association (employees) who meet the Trustee eligibility criteria.

Further, to provide a guarantee for the loan for the Trust to acquire the Company’s common stock, if there is a remaining balance on the loan equivalent to a loss on the sale of stocks by the end of the trust due to factors including a decline in the Company’s stock price, the Company shall repay said remaining balance in accordance with the contract of guarantee.

(ii) The remaining balance of the Company's own stock in the trust

The Company records the balance of the Company's stock remaining in the trust as treasury stock in the net assets section at the carrying amount (excluding the amount of ancillary expenses) in the trust. The carrying amount and the number of shares of such treasury stock as of March 31, 2023 was ¥224 million and 80,000 shares. The carrying amount and the number of shares of such treasury stock as of June 30, 2023 was ¥217 million and 78,000 shares.

(iii) Carrying amount of debt recorded using application of the gross method

Long-term debt as of March 31, 2023 was ¥229 million.

Long-term debt as of June 30, 2023 was ¥221 million.

(Segment information)

I. For three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

1. Information about sales and profit (loss) and revenue breakdown for each reportable segment

(Million yen)

	Reportable segment				Other (Note) 1	Total	Reconciliations (Note) 2	Quarterly Consolidated Statements of Income (Note) 3
	Information Communication	Information Security	Living and Industrial Materials	Total				
Sales								
Revenue from contracts with customers	7,787	6,125	7,303	21,216	356	21,573	–	21,573
Other revenue	–	–	–	–	73	73	–	73
Sales to external customers	7,787	6,125	7,303	21,216	430	21,647	–	21,647
Intersegment sales or transfers	276	167	68	512	1,365	1,877	(1,877)	–
Total	8,063	6,293	7,372	21,729	1,795	23,525	(1,877)	21,647
Segment profit (loss)	(264)	158	(52)	(158)	(30)	(188)	(62)	(251)

(Notes) 1. “Other” refers to business segments not included in the reportable segment, which mainly includes logistics business, insurance business and real estate management business.

2. “Reconciliations” for “Segment profit (loss)” refer to corporate expenses and primarily consist of general and administrative expenses and research and development costs that are not attributable to any reportable segments.

3. “Segment profit (loss)” is adjusted to the operating loss stated in the quarterly consolidated statements of income.

2. Information about impairment loss on non-current assets or goodwill for each reportable segment

There is no relevant information.

II. For three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

1. Information about sales and profit (loss) and revenue breakdown for each reportable segment

(Million yen)

	Reportable segment				Other (Note) 1	Total	Reconciliations (Note) 2	Quarterly Consolidated Statements of Income (Note) 3
	Information Communication	Information Security	Living and Industrial Materials	Total				
Sales								
Revenue from contracts with customers	7,562	7,024	7,489	22,077	379	22,457	–	22,457
Other revenue	–	–	–	–	124	124	–	124
Sales to external customers	7,562	7,024	7,489	22,077	504	22,581	–	22,581
Intersegment sales or transfers	280	169	94	544	1,238	1,783	(1,783)	–
Total	7,842	7,194	7,584	22,621	1,743	24,365	(1,783)	22,581
Segment profit (loss)	(395)	403	160	168	18	187	(172)	14

(Notes) 1. “Other” refers to business segments not included in the reportable segment, which mainly includes logistics business, insurance business and real estate management business.

2. “Reconciliations” for “Segment profit (loss)” refer to corporate expenses and primarily consist of general and administrative expenses and research and development costs that are not attributable to any reportable segments.

3. “Segment profit (loss)” is adjusted to the operating profit stated in the quarterly consolidated statements of income.

2. Information about impairment loss on non-current assets or goodwill for each reportable segment

(Significant impairment loss on non-current assets)

For three months ended June 30, 2023, the Company recorded an impairment loss of ¥29 million for “Other.”