

Consolidated Financial Results for the Nine Months Ended December 31, 2020 [Japanese GAAP]



February 5, 2021

Company name: KYODO PRINTING CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 7914

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

Representative: Yoshiaki Fujimori, President

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Scheduled date of filing quarterly securities report: February 10, 2021

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 Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 2020)

(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	%
Nine months ended December 31, 2020	67,907	(9.5)	164	(84.5)	783	(53.7)	551	(45.3)
December 31, 2019	75,045	4.3	1,057	26.6	1,689	15.3	1,007	58.5

(Note) Comprehensive income: Nine months ended December 31, 2020: ¥2,152 million [71.8 %]

Nine months ended December 31, 2019: ¥1,253 million [– %]

	Basic net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2020	64.32	–
December 31, 2019	116.77	–

(2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
	Million yen	Million yen	%
As of December 31, 2020	124,569	60,715	48.7
As of March 31, 2020	124,634	59,764	47.9

(Reference) Equity: As of December 31, 2020: ¥60,605 million

As of March 31, 2020: ¥59,661 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2020	Yen —	Yen 50.00	Yen —	Yen 50.00	Yen 100.00
Fiscal year ending March 31, 2021	—	50.00	—		
Fiscal year ending March 31, 2021 (Forecast)				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, 2021 (April 1, 2020 to March 31, 2021)

(% 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
Full year	95,000	(5.8)	500	(68.1)	1,100	(49.2)	600	(60.3)	70.02

(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):
December 31, 2020: 9,020,000 shares
March 31, 2020: 9,020,000 shares
 - 2) Total number of shares of treasury stock at the end of the period:
December 31, 2020: 546,277 shares
March 31, 2020: 434,985 shares
 - 3) Average number of shares during the period:
Nine months ended December 31, 2020: 8,568,889 shares
Nine months ended December 31, 2019: 8,626,130 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, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	13,134	12,180
Trade notes and accounts receivable	27,301	27,051
Merchandise and finished products	4,412	4,603
Work in process	2,884	2,701
Raw materials and supplies	1,029	827
Other	634	793
Allowance for doubtful accounts	(59)	(56)
Total current assets	49,339	48,102
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,947	19,309
Machinery and vehicles, net	14,769	14,432
Furniture and fixtures, net	1,183	1,098
Land	14,832	14,789
Lease assets, net	1,798	1,623
Construction in progress	3,162	3,854
Total property, plant and equipment	55,693	55,108
Intangible assets		
Goodwill	2,003	1,518
Software	1,301	1,207
Other	128	143
Total intangible assets	3,432	2,869
Investments and other assets		
Investment securities	13,741	16,088
Long-term loans receivable	26	6
Asset for retirement benefits	808	872
Deferred tax assets	482	473
Other	1,158	1,097
Allowance for doubtful accounts	(48)	(49)
Total investments and other assets	16,168	18,489
Total non-current assets	75,295	76,466
Total assets	124,634	124,569

(Million yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Trade notes and accounts payable	18,049	16,732
Current portion of bonds payable	–	5,000
Current portion of long-term debt	–	1,804
Lease obligations	506	512
Income taxes payable	722	345
Accrued bonuses	1,258	518
Accrued bonuses for directors	53	46
Other	9,787	6,779
Total current liabilities	30,378	31,739
Long-term liabilities		
Bonds	8,000	3,000
Long-term debt	15,012	17,205
Lease obligations	1,115	925
Deferred tax liabilities	553	1,337
Provision for environmental measures	595	407
Provision for dismantling of non-current assets	545	545
Provision for share-based remuneration for directors	9	9
Liability for retirement benefits	6,573	6,594
Asset retirement obligations	50	50
Other	2,034	2,040
Total long-term liabilities	34,491	32,114
Total liabilities	64,869	63,853
Equity		
Shareholders' equity		
Common stock	4,510	4,510
Capital surplus	1,766	1,765
Retained earnings	49,477	49,164
Treasury stock	(1,088)	(1,423)
Total shareholders' equity	54,665	54,015
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	5,729	7,545
Foreign currency translation adjustments	(7)	(282)
Remeasurement of defined benefit plans	(725)	(673)
Total accumulated other comprehensive income	4,996	6,589
Non-controlling interests	103	110
Total equity	59,764	60,715
Total liabilities and equity	124,634	124,569

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Nine Months Ended December 31

(Million yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	75,045	67,907
Cost of sales	61,982	56,262
Gross profit	13,062	11,645
Selling, general and administrative expenses	12,005	11,480
Operating income	1,057	164
Non-operating income		
Interest income	22	6
Dividend income	289	252
Gain on sales of goods	190	164
Rent income on facilities	64	69
Dividend income of insurance	155	147
Foreign exchange gains	—	31
Other	171	220
Total non-operating income	893	891
Non-operating expenses		
Interest expenses	113	143
Rent expenses on facilities	26	30
Share of loss of entities accounted for using equity method	44	19
Foreign exchange losses	24	—
Other	52	79
Total non-operating expenses	261	273
Ordinary income	1,689	783
Extraordinary income		
Gain on sales of non-current assets	19	3
Gain on sales of investment securities	820	713
Reversal of provision for environmental measures	—	2
Reversal of provision for dismantling of non-current assets	585	—
Other	1	—
Total extraordinary income	1,426	718
Extraordinary losses		
Loss on sales and retirement of non-current assets	433	126
Loss on valuation of investment securities	69	25
Provision for environmental measures	588	32
Other	95	9
Total extraordinary losses	1,186	193
Income before income taxes	1,929	1,308
Income taxes	983	747
Net income	945	560
Net income (loss) attributable to non-controlling interests	(61)	9
Net income attributable to owners of parent	1,007	551

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Million yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net income	945	560
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	305	1,805
Foreign currency translation adjustments	(25)	(277)
Remeasurement of defined benefit plans	14	53
Share of other comprehensive income in associate accounted for using the equity method	12	9
Total other comprehensive income (loss)	307	1,591
Comprehensive income	1,253	2,152
Total comprehensive income (loss) attributable to:		
Owners of parent	1,314	2,144
Non-controlling interests	(61)	7

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Operating activities:		
Income before income taxes	1,929	1,308
Depreciation and amortization	4,007	4,067
Amortization of goodwill	319	454
Increase (decrease) in liability for retirement benefits	(80)	34
Increase (decrease) in allowance for doubtful accounts	(3)	(2)
Increase (decrease) in provision for bonuses	(753)	(740)
Increase (decrease) in provision for bonuses for directors	0	(7)
Increase (decrease) in provision for dismantling of non-current assets	(585)	(0)
Increase (decrease) in provision for environmental measures	579	(188)
Interest and dividend income	(312)	(259)
Interest expenses	113	143
Share of (profit) loss of entities accounted for using equity method	44	19
(Gain) loss on valuation of investment securities	69	25
(Gain) loss on sales of investment securities	(820)	(713)
(Gain) loss on sales and retirement of non-current assets	413	122
(Increase) decrease in trade receivables	420	225
(Increase) decrease in inventories	(1,411)	180
Increase (decrease) in trade payables	760	(1,299)
Increase (decrease) in accrued consumption tax	696	(491)
(Increase) decrease in claims provable in bankruptcy, claims provable in rehabilitation	0	(0)
Increase (decrease) in accrued expense	(432)	(1)
Other	1,897	62
Subtotal	6,852	2,939
Interest and dividends received	317	259
Interest paid	(122)	(153)
Income taxes—paid	(69)	(1,057)
Net cash provided by operating activities	6,978	1,987
Investing activities:		
Purchases of property, plant and equipment and intangible assets	(8,036)	(6,316)
Proceeds from sales of property, plant and equipment and intangible assets	118	3
Purchases of investment securities	(14)	(12)
Proceeds from sales of investment securities	811	920
Loan advances	(0)	—
Collection of loans receivable	15	20
Payments for acquisition of businesses	(1,677)	—
Other	223	87
Net cash used in investing activities	(8,560)	(5,297)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Financing activities:		
Proceeds from long-term debt	8,000	4,000
Repayments of long-term debt	(3)	(3)
Redemption of bonds	(5,000)	—
Dividends paid	(871)	(864)
Dividends paid to non-controlling interests	—	(1)
Purchase of treasury stock	(361)	(335)
Other	(406)	(373)
Net cash provided by (used in) financing activities	1,356	2,421
Foreign currency translation adjustments on cash and cash equivalents	14	(44)
Net increase (decrease) in cash and cash equivalents	(210)	(932)
Cash and cash equivalents, beginning of period	10,432	13,070
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	7	—
Cash and cash equivalents, end of period	10,229	12,138

(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.

(Segment information)

I. For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

1. Information about sales and profit (loss)

(Million yen)

	Reportable segment				Other (Note) 1	Total	Reconciliations (Note) 2	Consolidated Statements of Income (Note) 3
	Information Communication	Information Security	Living and Industrial Materials	Total				
Sales								
Sales to external customers	29,779	23,580	19,685	73,046	1,999	75,045	—	75,045
Intersegment sales or transfers	1,249	625	302	2,177	6,248	8,426	(8,426)	—
Total	31,029	24,206	19,988	75,223	8,248	83,471	(8,426)	75,045
Segment profit (loss)	(35)	1,054	(176)	842	213	1,055	1	1,057

- (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 income stated in the quarterly consolidated statements of income.

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

(Significant changes in the amount of goodwill)

In the Information Communication segment, Masukachi Inc., which was previously a non-consolidated subsidiary accounted for by the equity method, has been included in the scope of consolidation due to its increased importance. The increased amount of goodwill associated with the said event was ¥13 million in the nine months ended December 31, 2019.

In the Living and Industrial Materials segment, the segment succeeded the blow bottle business of KUREHA CORPORATION during the nine months ended December 31, 2019. The increased amount of goodwill associated with the said event was ¥1,200 million in the nine months ended December 31, 2019.

II. For nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

1. Information about sales and profit (loss)

(Million yen)

	Reportable segment				Other (Note) 1	Total	Reconciliations (Note) 2	Consolidated Statements of Income (Note) 3
	Information Communication	Information Security	Living and Industrial Materials	Total				
Sales								
Sales to external customers	26,267	19,483	20,261	66,011	1,895	67,907	—	67,907
Intersegment sales or transfers	1,052	414	166	1,633	5,104	6,738	(6,738)	—
Total	27,320	19,897	20,427	67,645	7,000	74,646	(6,738)	67,907
Segment profit (loss)	(192)	396	(126)	78	150	228	(64)	164

- (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 income 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.

2. Other

(On-Site Inspection by the Japan Fair Trade Commission)

On October 8, 2019, the Company received an on-site inspection from the Japan Fair Trade Commission on suspicion of violating the Antimonopoly Act with regard to the bidding of the Japan Pension Service's form creation business. The Company will fully cooperate with the Japan Fair Trade Commission's investigation.