

# Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]



February 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: February 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 Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)

(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, 2022	69,290	6.8	336	–	798	145.4	522	184.2
December 31, 2021	64,860	(4.5)	(92)	–	325	(58.5)	183	(66.6)

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥(325) million [–%]

Nine months ended December 31, 2021: ¥1,449 million [(32.7)%]

	Basic net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2022	65.93	–
December 31, 2021	22.33	–

## (2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
	Million yen	Million yen	%
As of December 31, 2022	126,837	59,693	47.0
As of March 31, 2022	129,121	61,277	47.4

(Reference) Equity: As of December 31, 2022: ¥59,656 million

As of March 31, 2022: ¥61,158 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2022	Yen —	Yen 50.00	Yen —	Yen 50.00	Yen 100.00
Fiscal year ending March 31, 2023	—	50.00	—		
Fiscal year ending March 31, 2023 (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, 2023 (April 1, 2022 to March 31, 2023)

(% 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	96,000	8.6	1,100	45.3	1,600	23.3	850	24.3	107.18

(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: Yes  
2) Changes in accounting policies other than 1) above: No  
3) Changes in accounting estimates: No  
4) Retrospective restatement: No  
(Note) For details, please see “1. Quarterly Consolidated Financial Statements and Primary Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)” on page 7 of the attached documents.
- (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, 2022: 8,370,000 shares  
March 31, 2022: 8,370,000 shares  
2) Total number of shares of treasury stock at the end of the period:  
December 31, 2022: 562,623 shares  
March 31, 2022: 423,973 shares  
3) Average number of shares during the period:  
Nine months ended December 31, 2022: 7,930,439 shares  
Nine months ended December 31, 2021: 8,239,310 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, 2022	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	8,949	8,076
Notes and accounts receivable - trade, and contract assets	26,335	27,690
Merchandise and finished products	3,503	3,475
Work in process	2,329	3,221
Raw materials and supplies	1,128	1,414
Other	1,835	839
Allowance for doubtful accounts	(55)	(11)
Total current assets	44,025	44,705
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	30,301	29,253
Machinery and vehicles, net	12,970	12,868
Furniture and fixtures, net	926	1,577
Land	14,842	14,917
Lease assets, net	1,852	1,683
Construction in progress	875	512
Total property, plant and equipment	61,769	60,813
Intangible assets		
Goodwill	785	440
Software	1,124	1,006
Other	183	213
Total intangible assets	2,094	1,660
Investments and other assets		
Investment securities	17,402	15,117
Asset for retirement benefits	2,547	3,018
Deferred tax assets	222	273
Other	1,070	1,254
Allowance for doubtful accounts	(10)	(5)
Total investments and other assets	21,232	19,658
Total non-current assets	85,095	82,132
Total assets	129,121	126,837

(Million yen)

	As of March 31, 2022	As of December 31, 2022
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	15,606	18,145
Short-term debt	6,840	115
Current portion of bonds payable	–	3,000
Current portion of long-term debt	9,400	4,400
Lease obligations	504	378
Income taxes payable	481	121
Accrued bonuses	1,162	449
Accrued bonuses for directors	53	42
Provision for environmental measures	–	400
Provision for dismantling of non-current assets	–	157
Provision for loss on Anti-Monopoly Act	401	–
Other	10,079	7,744
Total current liabilities	44,531	34,954
Long-term liabilities		
Bonds	3,000	–
Long-term debt	7,480	5,647
Lease obligations	1,053	937
Deferred tax liabilities	2,106	1,511
Provision for environmental measures	400	–
Provision for dismantling of non-current assets	545	–
Provision for share-based remuneration for directors	19	15
Liability for retirement benefits	6,589	6,722
Asset retirement obligations	80	8
Long-term advances received	–	17,124
Other	2,037	222
Total long-term liabilities	23,312	32,189
Total liabilities	67,843	67,144
<b>Equity</b>		
Shareholders' equity		
Common stock	4,510	4,510
Capital surplus	1,645	1,688
Retained earnings	47,454	47,153
Treasury stock	(1,216)	(1,612)
Total shareholders' equity	52,393	51,739
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	8,553	7,162
Foreign currency translation adjustments	0	536
Remeasurement of defined benefit plans	211	219
Total accumulated other comprehensive income	8,765	7,917
Non-controlling interests	118	36
Total equity	61,277	59,693
Total liabilities and equity	129,121	126,837

(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, 2021	Nine months ended December 31, 2022
Net sales	64,860	69,290
Cost of sales	53,537	56,502
Gross profit	11,323	12,787
Selling, general and administrative expenses	11,415	12,451
Operating income (loss)	(92)	336
Non-operating income		
Interest income	2	2
Dividend income	239	266
Gain on sales of goods	46	25
Rent income on facilities	63	55
Dividend income of insurance	153	171
Foreign exchange gains	21	–
Other	145	205
Total non-operating income	672	726
Non-operating expenses		
Interest expenses	143	114
Rent expenses on facilities	22	18
Share of loss of entities accounted for using equity method	24	38
Foreign exchange losses	–	7
Other	63	85
Total non-operating expenses	254	264
Ordinary income	325	798
Extraordinary income		
Gain on sales of non-current assets	–	52
Gain on sales of investment securities	901	175
Gain on revision of retirement benefit plan	–	376
Other	1	8
Total extraordinary income	902	612
Extraordinary losses		
Loss on sales and retirement of non-current assets	120	222
Loss on valuation of investment securities	28	–
Provision for loss on Anti-Monopoly Act	305	–
Head office relocation expenses	–	170
Other	0	21
Total extraordinary losses	453	414
Income before income taxes	774	997
Income taxes	582	478
Net income	191	518
Net income (loss) attributable to non-controlling interests	7	(3)
Net income attributable to owners of parent	183	522

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Million yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net income	191	518
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	985	(1,389)
Foreign currency translation adjustments	211	538
Remeasurement of defined benefit plans	62	7
Share of other comprehensive income in associate accounted for using the equity method	(1)	(1)
Total other comprehensive income (loss)	1,257	(844)
Comprehensive income	1,449	(325)
Total comprehensive income (loss) attributable to:		
Owners of parent	1,440	(325)
Non-controlling interests	9	(0)

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
<b>Operating activities:</b>		
Income before income taxes	774	997
Depreciation and amortization	4,106	4,291
Amortization of goodwill	454	349
Increase (decrease) in liability for retirement benefits	(15)	(331)
Increase (decrease) in allowance for doubtful accounts	(22)	(49)
Increase (decrease) in accrued bonuses	(748)	(713)
Increase (decrease) in accrued bonuses for directors	(16)	(11)
Increase (decrease) in provision for loss on Anti-Monopoly Act	305	(401)
Increase (decrease) in provision for dismantling of non-current assets	–	(388)
Interest and dividend income	(241)	(269)
Interest expenses	143	114
Share of (profit) loss of entities accounted for using equity method	24	38
(Gain) loss on valuation of investment securities	28	–
(Gain) loss on sales of investment securities	(901)	(175)
(Gain) loss on sales and retirement of non-current assets	120	169
(Increase) decrease in trade receivables	(604)	(1,275)
(Increase) decrease in inventories	(467)	(1,081)
Increase (decrease) in trade payables	464	2,492
Increase (decrease) in accrued consumption tax	(522)	744
(Increase) decrease in claims provable in bankruptcy, claims provable in rehabilitation	23	(0)
Increase (decrease) in accrued expense	129	242
Increase (decrease) in long-term advances received	–	17,124
Other	162	(1,206)
<b>Subtotal</b>	<b>3,196</b>	<b>20,659</b>
Interest and dividends received	241	269
Interest paid	(158)	(122)
Income taxes—paid	(550)	(810)
<b>Net cash provided by operating activities</b>	<b>2,729</b>	<b>19,995</b>
<b>Investing activities:</b>		
Purchases of property, plant and equipment and intangible assets	(5,239)	(6,039)
Proceeds from sales of property, plant and equipment and intangible assets	–	55
Purchases of investment securities	(112)	(18)
Proceeds from sales of investment securities	969	422
Loan advances	(0)	–
Collection of loans receivable	0	0
Other	(27)	(34)
<b>Net cash used in investing activities</b>	<b>(4,410)</b>	<b>(5,614)</b>



(Million yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
<b>Financing activities:</b>		
Net increase (decrease) in short-term debt	6,000	(6,737)
Repayments of long-term debt	(1,808)	(6,832)
Redemption of bonds	(5,000)	–
Dividends paid	(834)	(825)
Dividends paid to non-controlling interests	(16)	(16)
Purchase of treasury stock	(1,000)	(445)
Proceeds from disposal of treasury stock	0	49
Other	(341)	(448)
Net cash used in financing activities	(3,000)	(15,256)
Foreign currency translation adjustments on cash and cash equivalents	(14)	6
Net increase (decrease) in cash and cash equivalents	(4,694)	(868)
Cash and cash equivalents, beginning of period	12,760	8,890
Cash and cash equivalents, end of period	8,065	8,022

#### (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.

(Changes in accounting policies)

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as the "Guidance on the Fair Value Standard") from the beginning of the first quarter of the fiscal year under review and the new accounting policies stipulated in the Guidance on the Fair Value Standard are applied into the future in accordance with the transitional treatment stipulated in paragraph 27-2 of the Guidance on the Fair Value Standard. There is no impact on the quarterly consolidated financial statements.

(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, 2022 was ¥163 million and 56,000 shares. The carrying amount and the number of shares of such treasury stock as of December 31, 2022 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, 2022 was ¥417 million and 150,000 shares. The carrying amount and the number of shares of such treasury stock as of December 31, 2022 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 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, 2022 was ¥277 million and 99,000 shares. The carrying amount and the number of shares of such treasury stock as of December 31, 2022 was ¥231 million and 83,000 shares.

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

Long-term debt as of March 31, 2022 was ¥280 million.

Long-term debt as of December 31, 2022 was ¥247 million.

(Transfer of Retirement Benefit Plan)

On October 1, 2022, the Company amended its retirement payment plan and made partial revisions to benefit levels. It also introduced a defined contribution plan for the pensions of currently active employees as part of a wholesale shift away from a defined benefit pension plan.

The Company has applied the "Guidance on Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1, revised on December 16, 2016) and "Practical Solution on Accounting for Transfer between Retirement Benefit Plans" (PITF No. 2, revised on February 7, 2007) for the accounting treatment associated with the transfers, with an amount of ¥376 million in gain on revision of retirement benefit plan recorded under extraordinary income for the period ended December 31, 2022.

(Segment information)

I. For nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

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	24,753	18,069	20,739	63,561	1,163	64,724	–	64,724
Other revenue	–	–	–	–	135	135	–	135
Sales to external customers	24,753	18,069	20,739	63,561	1,299	64,860	–	64,860
Intersegment sales or transfers	1,060	443	173	1,678	4,384	6,062	(6,062)	–
Total	25,813	18,512	20,912	65,239	5,683	70,923	(6,062)	64,860
Segment profit (loss)	(295)	149	26	(119)	(27)	(147)	54	(92)

(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 nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	26,233	19,137	22,352	67,722	1,244	68,967	–	68,967
Other revenue	–	–	–	–	322	322	–	322
Sales to external customers	26,233	19,137	22,352	67,722	1,567	69,290	–	69,290
Intersegment sales or transfers	917	541	203	1,662	4,340	6,002	(6,002)	–
Total	27,150	19,679	22,555	69,385	5,907	75,293	(6,002)	69,290
Segment profit (loss)	(191)	531	(28)	311	199	511	(175)	336

(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

There is no relevant information.