

# Consolidated Financial Results for the Six Months Ended September 30, 2020 [Japanese GAAP]



November 9, 2020

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: November 12, 2020

Scheduled date of commencing dividend payments: December 8, 2020

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and analysts)

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

## 1. Consolidated Financial Results for the Six Months Ended September 30, 2020 (April 1, 2020 to September 30, 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	%
Six months ended September 30, 2020	43,869	(9.7)	(199)	—	274	(66.9)	156	(60.7)
September 30, 2019	48,593	5.7	421	343.4	827	56.4	397	446.7

(Note) Comprehensive income: Six months ended September 30, 2020: ¥1,762 million [– %]

Six months ended September 30, 2019: ¥(576) million [– %]

	Basic net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2020	18.22	—
September 30, 2019	45.99	40.62

(Note) Diluted net income per share for the six months ended September 30, 2020 is not presented since potentially dilutive shares do not exist as of September 30, 2020, because bonds with share subscription rights in an amount of ¥5,000 million were fully redeemed on maturity on December 12, 2019.

## (2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
	Million yen	Million yen	%
As of September 30, 2020	123,417	61,093	49.4
As of March 31, 2020	124,634	59,764	47.9

(Reference) Equity: As of September 30, 2020: ¥60,977 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)	69.89

(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):  
September 30, 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:  
September 30, 2020: 435,058 shares  
March 31, 2020: 434,985 shares
  - 3) Average number of shares during the period:  
Six months ended September 30, 2020: 8,584,954 shares  
Six months ended September 30, 2019: 8,643,750 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 September 30, 2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	13,134	12,770
Trade notes and accounts receivable	27,301	23,542
Merchandise and finished products	4,412	4,622
Work in process	2,884	3,288
Raw materials and supplies	1,029	910
Other	634	648
Allowance for doubtful accounts	(59)	(51)
Total current assets	49,339	45,731
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,947	19,317
Machinery and vehicles, net	14,769	14,904
Furniture and fixtures, net	1,183	1,143
Land	14,832	14,816
Lease assets, net	1,798	1,717
Construction in progress	3,162	4,133
Total property, plant and equipment	55,693	56,032
Intangible assets		
Goodwill	2,003	1,685
Software	1,301	1,254
Other	128	140
Total intangible assets	3,432	3,080
Investments and other assets		
Investment securities	13,741	16,113
Long-term loans receivable	26	7
Asset for retirement benefits	808	859
Deferred tax assets	482	540
Other	1,158	1,102
Allowance for doubtful accounts	(48)	(49)
Total investments and other assets	16,168	18,573
Total non-current assets	75,295	77,685
Total assets	124,634	123,417

(Million yen)

	As of March 31, 2020	As of September 30, 2020
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	18,049	14,940
Current portion of long-term debt	–	1,204
Lease obligations	506	523
Income taxes payable	722	522
Accrued bonuses	1,258	1,171
Accrued bonuses for directors	53	30
Other	9,787	6,137
Total current liabilities	30,378	24,529
Long-term liabilities		
Bonds	8,000	8,000
Long-term debt	15,012	17,806
Lease obligations	1,115	1,028
Deferred tax liabilities	553	1,249
Provision for environmental measures	595	588
Provision for dismantling of non-current assets	545	545
Provision for share-based remuneration for directors	9	9
Liability for retirement benefits	6,573	6,478
Asset retirement obligations	50	50
Other	2,034	2,037
Total long-term liabilities	34,491	37,794
Total liabilities	64,869	62,323
<b>Equity</b>		
Shareholders' equity		
Common stock	4,510	4,510
Capital surplus	1,766	1,765
Retained earnings	49,477	49,201
Treasury stock	(1,088)	(1,088)
Total shareholders' equity	54,665	54,388
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	5,729	7,417
Foreign currency translation adjustments	(7)	(137)
Remeasurement of defined benefit plans	(725)	(690)
Total accumulated other comprehensive income	4,996	6,589
Non-controlling interests	103	116
Total equity	59,764	61,093
Total liabilities and equity	124,634	123,417

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Six Months Ended September 30

(Million yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	48,593	43,869
Cost of sales	40,252	36,560
Gross profit	8,341	7,309
Selling, general and administrative expenses	7,919	7,508
Operating income (loss)	421	(199)
Non-operating income		
Interest income	16	4
Dividend income	174	154
Gain on sales of goods	128	117
Rent income on facilities	41	46
Dividend income of insurance	154	147
Foreign exchange gains	–	21
Other	127	157
Total non-operating income	643	649
Non-operating expenses		
Interest expenses	72	95
Rent expenses on facilities	20	19
Share of loss of entities accounted for using equity method	64	30
Foreign exchange losses	42	–
Other	37	29
Total non-operating expenses	237	175
Ordinary income	827	274
Extraordinary income		
Gain on sales of non-current assets	17	1
Gain on sales of investment securities	615	382
Reversal of provision for environmental measures	–	2
Reversal of provision for dismantling of non-current assets	585	–
Other	1	–
Total extraordinary income	1,218	386
Extraordinary losses		
Loss on sales and retirement of non-current assets	391	105
Loss on valuation of investment securities	70	–
Provision for environmental measures	588	3
Other	79	9
Total extraordinary losses	1,130	118
Income before income taxes	916	542
Income taxes	553	371
Net income	362	170
Net income (loss) attributable to non-controlling interests	(34)	14
Net income attributable to owners of parent	397	156

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Million yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net income	362	170
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	(950)	1,678
Foreign currency translation adjustments	(3)	(130)
Remeasurement of defined benefit plans	9	35
Share of other comprehensive income in associate accounted for using the equity method	4	9
Total other comprehensive income (loss)	(938)	1,592
Comprehensive income	(576)	1,762
Total comprehensive income (loss) attributable to:		
Owners of parent	(541)	1,749
Non-controlling interests	(34)	13

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
<b>Operating activities:</b>		
Income before income taxes	916	542
Depreciation and amortization	2,633	2,702
Amortization of goodwill	184	303
Increase (decrease) in liability for retirement benefits	(126)	(95)
Increase (decrease) in allowance for doubtful accounts	(9)	(7)
Increase (decrease) in provision for bonuses	61	(87)
Increase (decrease) in provision for bonuses for directors	(10)	(23)
Increase (decrease) in provision for dismantling of non-current assets	(585)	(0)
Increase (decrease) in provision for environmental measures	588	(6)
Interest and dividend income	(190)	(159)
Interest expenses	72	95
Share of (profit) loss of entities accounted for using equity method	64	30
(Gain) loss on valuation of investment securities	70	–
(Gain) loss on sales of investment securities	(615)	(382)
(Gain) loss on sales and retirement of non-current assets	373	103
(Increase) decrease in trade receivables	3,241	3,746
(Increase) decrease in inventories	(1,084)	(498)
Increase (decrease) in trade payables	(412)	(3,102)
Increase (decrease) in accrued consumption tax	413	(715)
(Increase) decrease in claims provable in bankruptcy, claims provable in rehabilitation	0	(0)
Increase (decrease) in accrued expense	(543)	(334)
Other	1,655	(12)
Subtotal	6,700	2,096
Interest and dividends received	195	159
Interest paid	(72)	(95)
Income taxes (paid) refund	164	(651)
Net cash provided by operating activities	6,988	1,509
<b>Investing activities:</b>		
Purchases of property, plant and equipment and intangible assets	(6,562)	(5,640)
Proceeds from sales of property, plant and equipment and intangible assets	115	1
Purchases of investment securities	(11)	(8)
Proceeds from sales of investment securities	604	388
Loan advances	(20)	–
Collection of loans receivable	13	19
Other	257	92
Net cash used in investing activities	(5,603)	(5,146)



	Six months ended September 30, 2019	Six months ended September 30, 2020
Financing activities:		
Proceeds from long-term debt	–	4,000
Repayments of long-term debt	–	(2)
Dividends paid	(439)	(432)
Dividends paid to non-controlling interests	–	(1)
Purchase of treasury stock	(361)	(0)
Other	(287)	(239)
Net cash provided by (used in) financing activities	(1,088)	3,324
Foreign currency translation adjustments on cash and cash equivalents	36	(29)
Net increase (decrease) in cash and cash equivalents	332	(342)
Cash and cash equivalents, beginning of period	10,432	13,070
Cash and cash equivalents, end of period	10,764	12,728

(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 six months ended September 30, 2019 (from April 1, 2019 to September 30, 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	18,330	16,027	12,894	47,252	1,341	48,593	—	48,593
Intersegment sales or transfers	786	386	197	1,369	4,064	5,434	(5,434)	—
Total	19,116	16,413	13,091	48,621	5,405	54,027	(5,434)	48,593
Segment profit (loss)	(389)	817	(123)	304	76	381	40	421

- (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.

II. For six months ended September 30, 2020 (from April 1, 2020 to September 30, 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	15,960	13,165	13,443	42,570	1,298	43,869	—	43,869
Intersegment sales or transfers	593	290	131	1,016	3,118	4,135	(4,135)	—
Total	16,554	13,456	13,575	43,586	4,417	48,004	(4,135)	43,869
Segment profit (loss)	(513)	436	(115)	(192)	12	(179)	(20)	(199)

- (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.

## 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.