

# Consolidated Financial Results for the Six Months Ended September 30, 2021 [Japanese GAAP]



November 8, 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

Contact: Hidenori Watanabe, Director & Managing Executive Officer, General Manager of Group Corporate Division

Phone: +81-3-3817-2101

Scheduled date of filing quarterly securities report: November 8, 2021

Scheduled date of commencing dividend payments: December 8, 2021

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, 2021 (April 1, 2021 to September 30, 2021)

(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, 2021	41,369	(5.7)	(713)	—	(410)	—	(346)	—
September 30, 2020	43,869	(9.7)	(199)	—	274	(66.9)	156	(60.7)

(Note) Comprehensive income: Six months ended September 30, 2021: ¥1,106 million [(37.2) %]

Six months ended September 30, 2020: ¥1,762 million [— %]

	Basic net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2021	(41.80)	—
September 30, 2020	18.22	—

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year under review. Figures for the six months ended September 30, 2021 are stated after the application of the said accounting standard, etc.

## (2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
	Million yen	Million yen	%
As of September 30, 2021	127,309	63,617	49.9
As of March 31, 2021	129,077	62,944	48.7

(Reference) Equity: As of September 30, 2021: ¥63,498 million

As of March 31, 2021: ¥62,820 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2021	Yen —	Yen 50.00	Yen —	Yen 50.00	Yen 100.00
Fiscal year ending March 31, 2022	—	50.00			
Fiscal year ending March 31, 2022 (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, 2022 (April 1, 2021 to March 31, 2022)

(% 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	93,000	2.2	900	38.9	1,400	4.0	850	3.0	102.65

(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):  
September 30, 2021: 9,020,000 shares  
March 31, 2021: 9,020,000 shares  
  
2) Total number of shares of treasury stock at the end of the period:  
September 30, 2021: 739,077 shares  
March 31, 2021: 739,277 shares  
  
3) Average number of shares during the period:  
Six months ended September 30, 2021: 8,280,809 shares  
Six months ended September 30, 2020: 8,584,954 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, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	12,808	9,422
Trade notes and accounts receivable	25,666	–
Notes and accounts receivable - trade, and contract assets	–	23,188
Merchandise and finished products	4,388	4,047
Work in process	2,190	3,150
Raw materials and supplies	744	1,012
Other	709	643
Allowance for doubtful accounts	(55)	(49)
<b>Total current assets</b>	<b>46,453</b>	<b>41,415</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,032	18,504
Machinery and vehicles, net	14,345	13,657
Furniture and fixtures, net	1,061	991
Land	14,800	14,816
Lease assets, net	1,563	1,510
Construction in progress	6,777	9,771
<b>Total property, plant and equipment</b>	<b>57,580</b>	<b>59,251</b>
Intangible assets		
Goodwill	1,369	1,073
Software	1,260	1,169
Other	151	164
<b>Total intangible assets</b>	<b>2,780</b>	<b>2,408</b>
Investments and other assets		
Investment securities	18,759	20,596
Asset for retirement benefits	2,192	2,242
Deferred tax assets	266	346
Other	1,096	1,101
Allowance for doubtful accounts	(51)	(50)
<b>Total investments and other assets</b>	<b>22,263</b>	<b>24,235</b>
<b>Total non-current assets</b>	<b>82,624</b>	<b>85,894</b>
<b>Total assets</b>	<b>129,077</b>	<b>127,309</b>

(Million yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	15,415	14,501
Current portion of bonds payable	5,000	5,000
Current portion of long-term debt	2,404	2,400
Lease obligations	501	495
Income taxes payable	337	315
Accrued bonuses	1,206	1,160
Accrued bonuses for directors	50	21
Provision for loss on Anti-Monopoly Act	–	305
Other	8,586	7,491
Total current liabilities	33,501	31,691
Long-term liabilities		
Bonds	3,000	3,000
Long-term debt	16,604	15,400
Lease obligations	858	871
Deferred tax liabilities	2,502	3,053
Provision for environmental measures	407	407
Provision for dismantling of non-current assets	545	545
Provision for share-based remuneration for directors	9	7
Liability for retirement benefits	6,616	6,627
Asset retirement obligations	50	50
Other	2,037	2,036
Total long-term liabilities	32,631	32,000
Total liabilities	66,133	63,691
<b>Equity</b>		
Shareholders' equity		
Common stock	4,510	4,510
Capital surplus	1,674	1,674
Retained earnings	49,438	48,674
Treasury stock	(2,088)	(2,088)
Total shareholders' equity	53,533	52,770
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	9,398	10,712
Foreign currency translation adjustments	(283)	(128)
Remeasurement of defined benefit plans	172	143
Total accumulated other comprehensive income	9,287	10,727
Non-controlling interests	123	119
Total equity	62,944	63,617
Total liabilities and equity	129,077	127,309

(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, 2020	Six months ended September 30, 2021
Net sales	43,869	41,369
Cost of sales	36,560	34,483
Gross profit	7,309	6,886
Selling, general and administrative expenses	7,508	7,599
Operating income (loss)	(199)	(713)
Non-operating income		
Interest income	4	1
Dividend income	154	140
Gain on sales of goods	117	41
Rent income on facilities	46	42
Dividend income of insurance	147	152
Foreign exchange gains	21	4
Other	157	112
Total non-operating income	649	495
Non-operating expenses		
Interest expenses	95	98
Rent expenses on facilities	19	14
Share of loss of entities accounted for using equity method	30	35
Other	29	43
Total non-operating expenses	175	192
Ordinary income (loss)	274	(410)
Extraordinary income		
Gain on sales of non-current assets	1	–
Gain on sales of investment securities	382	686
Reversal of provision for environmental measures	2	–
Other	–	1
Total extraordinary income	386	687
Extraordinary losses		
Loss on sales and retirement of non-current assets	105	90
Loss on valuation of investment securities	–	26
Provision for environmental measures	3	–
Provision for loss on Anti-Monopoly Act	–	305
Other	9	0
Total extraordinary losses	118	421
Income (loss) before income taxes	542	(144)
Income taxes	371	189
Net income (loss)	170	(334)
Net income attributable to non-controlling interests	14	11
Net income (loss) attributable to owners of parent	156	(346)

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Million yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net income (loss)	170	(334)
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	1,678	1,315
Foreign currency translation adjustments	(130)	155
Remeasurement of defined benefit plans	35	(28)
Share of other comprehensive income in associate accounted for using the equity method	9	(1)
Total other comprehensive income (loss)	1,592	1,441
Comprehensive income	1,762	1,106
Total comprehensive income (loss) attributable to:		
Owners of parent	1,749	1,094
Non-controlling interests	13	12

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Operating activities:</b>		
Income (loss) before income taxes	542	(144)
Depreciation and amortization	2,702	2,741
Amortization of goodwill	303	302
Increase (decrease) in liability for retirement benefits	(95)	(81)
Increase (decrease) in allowance for doubtful accounts	(7)	(5)
Increase (decrease) in provision for bonuses	(87)	(45)
Increase (decrease) in provision for bonuses for directors	(23)	(28)
Increase (decrease) in provision for loss on Anti-Monopoly Act	—	305
Increase (decrease) in provision for dismantling of non-current assets	(0)	—
Increase (decrease) in provision for environmental measures	(6)	—
Interest and dividend income	(159)	(141)
Interest expenses	95	98
Share of (profit) loss of entities accounted for using equity method	30	35
(Gain) loss on valuation of investment securities	—	26
(Gain) loss on sales of investment securities	(382)	(686)
(Gain) loss on sales and retirement of non-current assets	103	90
(Increase) decrease in trade receivables	3,746	2,493
(Increase) decrease in inventories	(498)	(872)
Increase (decrease) in trade payables	(3,102)	(923)
Increase (decrease) in accrued consumption tax	(715)	(608)
(Increase) decrease in claims provable in bankruptcy, claims provable in rehabilitation	(0)	—
Increase (decrease) in accrued expense	(334)	(321)
Other	(12)	411
Subtotal	2,096	2,644
Interest and dividends received	159	141
Interest paid	(95)	(98)
Income taxes—paid	(651)	(262)
Net cash provided by operating activities	1,509	2,424
<b>Investing activities:</b>		
Purchases of property, plant and equipment and intangible assets	(5,640)	(4,603)
Proceeds from sales of property, plant and equipment and intangible assets	1	—
Purchases of investment securities	(8)	(10)
Proceeds from sales of investment securities	388	691
Loan advances	—	(0)
Collection of loans receivable	19	0
Other	92	(52)
Net cash used in investing activities	(5,146)	(3,976)



	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Financing activities:</b>		
Proceeds from long-term debt	4,000	–
Repayments of long-term debt	(2)	(1,208)
Dividends paid	(432)	(417)
Dividends paid to non-controlling interests	(1)	(16)
Purchase of treasury stock	(0)	–
Other	(239)	(204)
Net cash provided by (used in) financing activities	3,324	(1,846)
Foreign currency translation adjustments on cash and cash equivalents	(29)	4
Net increase (decrease) in cash and cash equivalents	(342)	(3,393)
Cash and cash equivalents, beginning of period	13,070	12,760
Cash and cash equivalents, end of period	12,728	9,366

#### (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 Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Standard"), etc. from the beginning of the first quarter of the fiscal year under review and the amount expected to be received in exchange for goods or services is recognized as revenue at the time control of the promised goods or services is transferred to the customer.

The principal changes due to the application of the accounting standard are as follows.

- Revenue recognition pertaining to agency transactions  
In the past, the total amount of consideration received from customers was recognized as revenue, but this has been changed to a method in which the net amount received from customers less the amount paid to suppliers is recognized as revenue.
- Revenue recognition pertaining to buy-sell transactions  
In the past, the consideration received from the recipient was recognized as revenue, but this has been changed to a method in which such revenue is not recognized.

The application of the Revenue Recognition Standard, etc. is in accordance with the transitional treatment stipulated in the proviso of paragraph 84 of the Revenue Recognition Standard, and the amount of the cumulative impact of retroactively applying the new accounting standard before the beginning of the first quarter of the fiscal year under review is added to or subtracted from the retained earnings at the beginning of the first quarter of the fiscal year under review, and the accounting policy is applied from the beginning of that period. However, the method stipulated in paragraph 86 of the Revenue Recognition Standard is applied, and the new accounting policy is not retroactively applied to contracts that have recognized almost all revenue in accordance with the previous treatment before the beginning of the first quarter of the fiscal year under review.

As a result, net sales for the six months ended September 30, 2021 decreased by ¥1,343 million, cost of sales decreased by ¥1,346 million and operating income increased by ¥3 million. This had no impact on ordinary income, income before income taxes or retained earnings at the beginning of the period.

As a consequence of the application of the Revenue Recognition Standard, etc., the "trade notes and accounts receivable" presented under "current assets" in the consolidated balance sheets for the fiscal year ended March 31, 2021 has been presented by inclusion in "notes and accounts receivable - trade, and contract assets" from the first quarter of the fiscal year under review. Reclassification using the new method of presentation has not been carried out for the fiscal year ended March 31, 2021 according to the transitional treatment stipulated in paragraph 89-2 of the Revenue Recognition Standard. Furthermore, information on the breakdown of revenue from contracts with customers is not shown for the six months ended September 30, 2020 in accordance with the transitional treatment stipulated in paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020).

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the “Fair Value Standard”), etc. from the beginning of the first quarter of the fiscal year under review and the new accounting policies stipulated in the Fair Value Standard, etc. are applied into the future in accordance with the transitional treatment stipulated in paragraph 19 of the Fair Value Standard and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no impact on the quarterly consolidated financial statements.

(Segment information)

I. For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

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

(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.

II. For six months ended September 30, 2021 (from April 1, 2021 to September 30, 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	Consolidated Statements of Income (Note) 3
	Information Communication	Information Security	Living and Industrial Materials	Total				
Sales								
Revenue from contracts with customers	15,097	11,890	13,536	40,525	753	41,278	—	41,278
Other revenue	—	—	—	—	90	90	—	90
Sales to external customers	15,097	11,890	13,536	40,525	843	41,369	—	41,369
Intersegment sales or transfers	631	268	106	1,006	2,676	3,682	(3,682)	—
Total	15,728	12,158	13,643	41,531	3,520	45,051	(3,682)	41,369
Segment profit (loss)	(494)	21	(68)	(541)	(128)	(669)	(43)	(713)

- (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.

(Revenue recognition)

Information on the breakdown of revenue from contracts with customers is as stated in “Notes (Segment information).”