

Consolidated Financial Results for the Three Months Ended June 30, 2020 [Japanese GAAP]



August 7, 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: August 13, 2020

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, 2020 (April 1, 2020 to June 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	%
Three months ended June 30, 2020	22,311	(5.9)	(136)	–	231	(28.8)	(52)	–
June 30, 2019	23,718	2.8	19	(89.3)	325	(36.7)	243	315.8

(Note) Comprehensive income: Three months ended June 30, 2020: ¥818 million [– %]

Three months ended June 30, 2019: ¥18 million [(96.3) %]

	Basic net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2020	(6.09)	–
June 30, 2019	28.00	24.74

(Note) Diluted net income per share for the three months ended June 30, 2020 is not presented since potentially dilutive shares do not exist as of June 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 June 30, 2020	126,416	60,149	47.5
As of March 31, 2020	124,634	59,764	47.9

(Reference) Equity: As of June 30, 2020: ¥60,040 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	—				
Fiscal year ending March 31, 2021 (Forecast)		—	—	—	—

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

The dividend forecast for the fiscal year ending March 31, 2021 is undetermined due to difficulty in providing the consolidated financial results forecast at this time. The dividend forecast will be announced promptly when the disclosure of the financial results forecast becomes possible.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

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

The consolidated financial results forecast for the fiscal year ending March 31, 2021 is undetermined due to difficulty in reasonably calculating the impact of the novel coronavirus disease (COVID-19) at this time. The financial results forecast will be announced promptly when such disclosure becomes possible.

*** 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 “2. 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, 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:
June 30, 2020: 435,058 shares
March 31, 2020: 434,985 shares
 - 3) Average number of shares during the period:
Three months ended June 30, 2020: 8,584,963 shares
Three months ended June 30, 2019: 8,680,502 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 consolidated financial results forecast for the fiscal year ending March 31, 2021 is undetermined due to difficulty in reasonably calculating the impact of COVID-19 at this time. The financial results forecast will be announced promptly when such disclosure becomes possible.

1. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and cash equivalents	13,134	16,158
Trade notes and accounts receivable	27,301	24,518
Merchandise and finished products	4,412	4,903
Work in process	2,884	2,747
Raw materials and supplies	1,029	824
Other	634	889
Allowance for doubtful accounts	(59)	(53)
Total current assets	49,339	49,987
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,947	19,620
Machinery and vehicles, net	14,769	15,101
Furniture and fixtures, net	1,183	1,188
Land	14,832	14,768
Lease assets, net	1,798	1,774
Construction in progress	3,162	2,809
Total property, plant and equipment	55,693	55,262
Intangible assets		
Goodwill	2,003	1,804
Software	1,301	1,310
Other	128	135
Total intangible assets	3,432	3,249
Investments and other assets		
Investment securities	13,741	15,472
Long-term loans receivable	26	23
Asset for retirement benefits	808	845
Deferred tax assets	482	498
Other	1,158	1,126
Allowance for doubtful accounts	(48)	(49)
Total investments and other assets	16,168	17,917
Total non-current assets	75,295	76,429
Total assets	124,634	126,416

(Million yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Trade notes and accounts payable	18,049	16,443
Current portion of long-term debt	–	4
Lease obligations	506	519
Income taxes payable	722	251
Accrued bonuses	1,258	453
Accrued bonuses for directors	53	16
Other	9,787	9,531
Total current liabilities	30,378	27,220
Long-term liabilities		
Bonds	8,000	8,000
Long-term debt	15,012	19,007
Lease obligations	1,115	1,097
Deferred tax liabilities	553	1,070
Provision for environmental measures	595	589
Provision for dismantling of non-current assets	545	545
Provision for share-based remuneration for directors	9	9
Liability for retirement benefits	6,573	6,639
Asset retirement obligations	50	50
Other	2,034	2,037
Total long-term liabilities	34,491	39,046
Total liabilities	64,869	66,267
Equity		
Shareholders' equity		
Common stock	4,510	4,510
Capital surplus	1,766	1,763
Retained earnings	49,477	48,993
Treasury stock	(1,088)	(1,088)
Total shareholders' equity	54,665	54,177
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	5,729	6,951
Foreign currency translation adjustments	(7)	(380)
Remeasurement of defined benefit plans	(725)	(708)
Total accumulated other comprehensive income	4,996	5,862
Non-controlling interests	103	109
Total equity	59,764	60,149
Total liabilities and equity	124,634	126,416

(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, 2019	Three months ended June 30, 2020
Net sales	23,718	22,311
Cost of sales	19,838	18,661
Gross profit	3,879	3,649
Selling, general and administrative expenses	3,860	3,785
Operating income (loss)	19	(136)
Non-operating income		
Interest income	7	3
Dividend income	134	130
Gain on sales of goods	63	71
Rent income on facilities	19	22
Dividend income of insurance	154	146
Foreign exchange gains	–	40
Other	44	45
Total non-operating income	425	460
Non-operating expenses		
Interest expenses	34	49
Rent expenses on facilities	5	9
Share of loss of entities accounted for using equity method	23	9
Foreign exchange losses	39	–
Other	15	23
Total non-operating expenses	119	92
Ordinary income	325	231
Extraordinary income		
Gain on sales of non-current assets	8	1
Gain on sales of investment securities	300	–
Reversal of provision for environmental measures	–	2
Reversal of provision for dismantling of non-current assets	585	–
Other	1	–
Total extraordinary income	895	3
Extraordinary losses		
Loss on sales and retirement of non-current assets	288	52
Loss on valuation of investment securities	15	–
Provision for environmental measures	297	3
Other	57	5
Total extraordinary losses	659	61
Income before income taxes	560	172
Income taxes	336	216
Net income (loss)	224	(44)
Net income (loss) attributable to non-controlling interests	(18)	8
Net income (loss) attributable to owners of parent	243	(52)

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Million yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net income (loss)	224	(44)
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	(316)	1,211
Foreign currency translation adjustments	102	(376)
Remeasurement of defined benefit plans	5	17
Share of other comprehensive income in associate accounted for using the equity method	2	9
Total other comprehensive income (loss)	(206)	862
Comprehensive income	18	818
Total comprehensive income (loss) attributable to:		
Owners of parent	36	813
Non-controlling interests	(18)	5

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Operating activities:		
Income before income taxes	560	172
Depreciation and amortization	1,311	1,343
Amortization of goodwill	92	152
Increase (decrease) in liability for retirement benefits	4	57
Increase (decrease) in allowance for doubtful accounts	(5)	(4)
Increase (decrease) in provision for bonuses	(764)	(805)
Increase (decrease) in provision for bonuses for directors	(21)	(37)
Increase (decrease) in provision for dismantling of non-current assets	(585)	(0)
Increase (decrease) in provision for environmental measures	297	(6)
Interest and dividend income	(142)	(133)
Interest expenses	34	49
Share of (profit) loss of entities accounted for using equity method	23	9
(Gain) loss on valuation of investment securities	15	–
(Gain) loss on sales of investment securities	(300)	–
(Gain) loss on sales and retirement of non-current assets	280	51
(Increase) decrease in trade receivables	1,678	2,747
(Increase) decrease in inventories	(527)	(166)
Increase (decrease) in trade payables	205	(1,572)
Increase (decrease) in accrued consumption tax	381	(622)
(Increase) decrease in claims provable in bankruptcy, claims provable in rehabilitation	0	(0)
Increase (decrease) in accrued expense	1,418	1,236
Other	200	(210)
Subtotal	4,159	2,259
Interest and dividends received	143	133
Interest paid	(46)	(61)
Income taxes—paid	(134)	(645)
Net cash provided by operating activities	4,122	1,687
Investing activities:		
Purchases of property, plant and equipment and intangible assets	(3,245)	(2,021)
Proceeds from sales of property, plant and equipment and intangible assets	102	1
Purchases of investment securities	(3)	(3)
Proceeds from sales of investment securities	302	–
Loan advances	(20)	–
Collection of loans receivable	10	2
Other	287	5
Net cash used in investing activities	(2,566)	(2,016)

	Three-months ended June 30, 2019	Three-months ended June 30, 2020
Financing activities:		
Proceeds from long-term debt	–	4,000
Repayments of long-term debt	–	(1)
Dividends paid	(439)	(432)
Dividends paid to non-controlling interests	–	(1)
Purchase of treasury stock	(212)	(0)
Other	(149)	(139)
Net cash provided by (used in) financing activities	(800)	3,424
Foreign currency translation adjustments on cash and cash equivalents	55	(75)
Net increase (decrease) in cash and cash equivalents	810	3,019
Cash and cash equivalents, beginning of period	10,432	13,070
Cash and cash equivalents, end of period	11,242	16,090

(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 quarterly period 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 quarterly period.

(Segment information)

I. For three months ended June 30, 2019 (from April 1, 2019 to June 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	8,603	7,976	6,464	23,044	674	23,718	—	23,718
Intersegment sales or transfers	377	198	108	684	1,946	2,631	(2,631)	—
Total	8,981	8,174	6,573	23,729	2,620	26,349	(2,631)	23,718
Segment profit (loss)	(391)	385	(64)	(70)	40	(30)	49	19

- (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 three months ended June 30, 2020 (from April 1, 2020 to June 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	7,580	6,980	6,985	21,546	765	22,311	—	22,311
Intersegment sales or transfers	276	143	96	516	1,511	2,027	(2,027)	—
Total	7,856	7,123	7,082	22,062	2,276	24,339	(2,027)	22,311
Segment profit (loss)	(465)	284	46	(134)	19	(114)	(21)	(136)

- (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.