

Consolidated Financial Results for the Three Months Ended June 30, 2021 [Japanese GAAP]



August 6, 2021

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: August 13, 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 Three Months Ended June 30, 2021 (April 1, 2021 to June 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	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2021	21,061	–	(291)	–	(7)	–	(41)	–
June 30, 2020	22,311	(5.9)	(136)	–	231	(28.8)	(52)	–

(Note) Comprehensive income: Three months ended June 30, 2021: ¥192 million [(76.5) %]

Three months ended June 30, 2020: ¥818 million [– %]

	Basic net income per share	Diluted net income per share
Three months ended	Yen	Yen
June 30, 2021	(5.04)	–
June 30, 2020	(6.09)	–

(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, and changes from the previous corresponding period in net sales are not presented for the three months ended June 30, 2021.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
	Million yen	Million yen	%
As of June 30, 2021	129,780	62,702	48.2
As of March 31, 2021	129,077	62,944	48.7

(Reference) Equity: As of June 30, 2021: ¥62,584 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	—				
Fiscal year ending March 31, 2022 (Forecast)		50.00	—	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	—	900	38.9	1,400	4.0	850	3.0	102.65

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

As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. since April 1, 2021, the amounts in the consolidated financial results forecast above are the amounts after the application of the said accounting standard, etc. and changes from the previous corresponding period in net sales are not presented.

*** 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 6 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 6 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):
June 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:
June 30, 2021: 739,277 shares
March 31, 2021: 739,277 shares
3) Average number of shares during the period:
Three months ended June 30, 2021: 8,280,723 shares
Three months ended June 30, 2020: 8,584,963 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 June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	12,808	14,309
Trade notes and accounts receivable	25,666	–
Notes and accounts receivable - trade, and contract assets	–	24,507
Merchandise and finished products	4,388	4,354
Work in process	2,190	2,444
Raw materials and supplies	744	792
Other	709	1,035
Allowance for doubtful accounts	(55)	(52)
Total current assets	46,453	47,392
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,032	18,781
Machinery and vehicles, net	14,345	13,997
Furniture and fixtures, net	1,061	1,058
Land	14,800	14,821
Lease assets, net	1,563	1,528
Construction in progress	6,777	7,220
Total property, plant and equipment	57,580	57,408
Intangible assets		
Goodwill	1,369	1,226
Software	1,260	1,221
Other	151	157
Total intangible assets	2,780	2,605
Investments and other assets		
Investment securities	18,759	18,799
Asset for retirement benefits	2,192	2,217
Deferred tax assets	266	304
Other	1,096	1,105
Allowance for doubtful accounts	(51)	(51)
Total investments and other assets	22,263	22,374
Total non-current assets	82,624	82,387
Total assets	129,077	129,780

(Million yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Trade notes and accounts payable	15,415	15,817
Current portion of bonds payable	5,000	5,000
Current portion of long-term debt	2,404	2,400
Lease obligations	501	487
Income taxes payable	337	214
Accrued bonuses	1,206	448
Accrued bonuses for directors	50	13
Other	8,586	10,499
Total current liabilities	33,501	34,881
Long-term liabilities		
Bonds	3,000	3,000
Long-term debt	16,604	16,000
Lease obligations	858	898
Deferred tax liabilities	2,502	2,510
Provision for environmental measures	407	407
Provision for dismantling of non-current assets	545	545
Provision for share-based remuneration for directors	9	9
Liability for retirement benefits	6,616	6,739
Asset retirement obligations	50	50
Other	2,037	2,036
Total long-term liabilities	32,631	32,196
Total liabilities	66,133	67,077
Equity		
Shareholders' equity		
Common stock	4,510	4,510
Capital surplus	1,674	1,674
Retained earnings	49,438	48,979
Treasury stock	(2,088)	(2,088)
Total shareholders' equity	53,533	53,074
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	9,398	9,445
Foreign currency translation adjustments	(283)	(93)
Remeasurement of defined benefit plans	172	157
Total accumulated other comprehensive income	9,287	9,510
Non-controlling interests	123	118
Total equity	62,944	62,702
Total liabilities and equity	129,077	129,780

(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, 2020	Three months ended June 30, 2021
Net sales	22,311	21,061
Cost of sales	18,661	17,540
Gross profit	3,649	3,520
Selling, general and administrative expenses	3,785	3,812
Operating income (loss)	(136)	(291)
Non-operating income		
Interest income	3	0
Dividend income	130	117
Gain on sales of goods	71	31
Rent income on facilities	22	20
Dividend income of insurance	146	152
Foreign exchange gains	40	–
Other	45	52
Total non-operating income	460	374
Non-operating expenses		
Interest expenses	49	46
Rent expenses on facilities	9	7
Share of loss of entities accounted for using equity method	9	3
Foreign exchange losses	–	4
Other	23	27
Total non-operating expenses	92	89
Ordinary income (loss)	231	(7)
Extraordinary income		
Gain on sales of non-current assets	1	–
Gain on sales of investment securities	–	234
Reversal of provision for environmental measures	2	–
Other	–	1
Total extraordinary income	3	236
Extraordinary losses		
Loss on sales and retirement of non-current assets	52	54
Loss on valuation of investment securities	–	24
Provision for environmental measures	3	–
Other	5	0
Total extraordinary losses	61	79
Income before income taxes	172	149
Income taxes	216	180
Net income (loss)	(44)	(31)
Net income attributable to non-controlling interests	8	10
Net income (loss) attributable to owners of parent	(52)	(41)

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Million yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net income (loss)	(44)	(31)
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	1,211	48
Foreign currency translation adjustments	(376)	190
Remeasurement of defined benefit plans	17	(14)
Share of other comprehensive income in associate accounted for using the equity method	9	(1)
Total other comprehensive income (loss)	862	223
Comprehensive income	818	192
Total comprehensive income (loss) attributable to:		
Owners of parent	813	181
Non-controlling interests	5	11

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Operating activities:		
Income before income taxes	172	149
Depreciation and amortization	1,343	1,368
Amortization of goodwill	152	151
Increase (decrease) in liability for retirement benefits	57	75
Increase (decrease) in allowance for doubtful accounts	(4)	(2)
Increase (decrease) in provision for bonuses	(805)	(757)
Increase (decrease) in provision for bonuses for directors	(37)	(36)
Increase (decrease) in provision for dismantling of non-current assets	(0)	–
Increase (decrease) in provision for environmental measures	(6)	–
Interest and dividend income	(133)	(117)
Interest expenses	49	46
Share of (profit) loss of entities accounted for using equity method	9	3
(Gain) loss on valuation of investment securities	–	24
(Gain) loss on sales of investment securities	–	(234)
(Gain) loss on sales and retirement of non-current assets	51	54
(Increase) decrease in trade receivables	2,747	1,178
(Increase) decrease in inventories	(166)	(253)
Increase (decrease) in trade payables	(1,572)	389
Increase (decrease) in accrued consumption tax	(622)	(281)
(Increase) decrease in claims provable in bankruptcy, claims provable in rehabilitation	(0)	–
Increase (decrease) in accrued expense	1,236	1,342
Other	(210)	(120)
Subtotal	2,259	2,979
Interest and dividends received	133	117
Interest paid	(61)	(58)
Income taxes—paid	(645)	(308)
Net cash provided by operating activities	1,687	2,729
Investing activities:		
Purchases of property, plant and equipment and intangible assets	(2,021)	(333)
Proceeds from sales of property, plant and equipment and intangible assets	1	–
Purchases of investment securities	(3)	(3)
Proceeds from sales of investment securities	–	236
Collection of loans receivable	2	0
Other	5	(37)
Net cash used in investing activities	(2,016)	(138)
Financing activities:		
Proceeds from long-term debt	4,000	–
Repayments of long-term debt	(1)	(608)
Dividends paid	(432)	(417)
Dividends paid to non-controlling interests	(1)	(16)
Purchase of treasury stock	(0)	–
Other	(139)	(68)
Net cash provided by (used in) financing activities	3,424	(1,109)
Foreign currency translation adjustments on cash and cash equivalents	(75)	17
Net increase (decrease) in cash and cash equivalents	3,019	1,498
Cash and cash equivalents, beginning of period	13,070	12,760
Cash and cash equivalents, end of period	16,090	14,259

(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 net amount 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 three months ended June 30, 2021 decreased by ¥737 million, cost of sales decreased by ¥739 million and operating income increased by ¥1 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 three months ended June 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)

[Segment information]

I. For three months ended June 30, 2020 (from April 1, 2020 to June 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	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 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 three months ended June 30, 2021 (from April 1, 2021 to June 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	7,603	6,368	6,659	20,631	384	21,015	–	21,015
Other revenue	–	–	–	–	45	45	–	45
Sales to external customers	7,603	6,368	6,659	20,631	429	21,061	–	21,061
Intersegment sales or transfers	298	133	63	495	1,372	1,868	(1,868)	–
Total	7,901	6,502	6,723	21,127	1,802	22,929	(1,868)	21,061
Segment profit (loss)	(355)	83	(18)	(290)	(43)	(334)	42	(291)

(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).”

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.