

Translation

Notice: This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 (Based on Japanese GAAP)

August 8, 2024

Company name: PRESS KOGYO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7246 URL <https://www.presskogyo.co.jp>
 Representative: President & COO Yuki Shimizu
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative) Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2024	48,823	(4.6)	3,067	(7.7)	3,406	(7.7)	2,218	(7.0)
Three months ended June 30, 2023	51,203	21.1	3,325	35.8	3,689	25.7	2,384	46.5

Note: Comprehensive income For the three months ended June 30, 2024 ¥3,400 million [-22.1%]
 For the three months ended June 30, 2023 ¥4,364 million [9.8%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	22.03	—
Three months ended June 30, 2023	23.29	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2024	190,043	120,722	57.5	1,097.46
As of March 31, 2024	191,742	120,444	56.2	1,062.99

Reference: Equity
 As of June 30, 2024: ¥109,214 million
 As of March 31, 2024: ¥107,821 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	—	13.00	—	13.00	26.00
Year ending March 31, 2025	—	—	—	—	—
Year ending March 31, 2025(Forecast)	—	13.00	—	14.00	27.00

Note: Revisions to the forecast of cash dividends most recently announced: No

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	92,200	(6.8)	4,700	(26.1)	4,900	(28.5)	3,400	(23.1)	33.99
Full year	187,500	(5.2)	10,100	(21.1)	10,300	(23.5)	6,700	(17.1)	66.98

Note: Revisions to the forecast of financial results most recently announced: No

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2024
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- | | |
|--|-----|
| Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes |
| Changes in accounting policies due to other reasons: | No |
| Changes in accounting estimates: | No |
| Restatement of prior period financial statements: | No |

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024	106,823,470 shares	As of March 31, 2024	106,823,470 shares
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Number of treasury shares at the end of the period

As of June 30, 2024	7,308,453 shares	As of March 31, 2024	5,391,233 shares
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Average number of shares during the period

Three months ended June 30, 2024	100,668,662 shares	Three months ended June 30, 2023	102,420,757 shares
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* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Explanation regarding appropriate use of business forecasts and other special instructions

The projections contained in this document are based on information currently available to the Company and certain assumptions that are deemed to be reasonable, and the Company does not intend to guarantee their achievement. Actual results may differ significantly as a consequence of various factors. Please refer to “1. Qualitative information on financial results for the three months ended June 30, 2024, (1) Explanation of operating results” on page 2 of the attached materials for the conditions that form the assumptions for the business forecasts.

Attached Material

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1. Overview of operating results and others

(1) Explanation of operating results

In the business environment surrounding the trucks and construction machinery of our group for the three months ended June 30, 2024, the domestic and U.S. markets remained firm, but demand for automobiles decreased in Thailand and Indonesia. In addition, demand for construction machinery remained at a low level due to factors such as the economic slowdown in China and Europe.

Under these circumstances, although the Group strived to secure revenues by promoting rationalization, creating production lines that are resilient to fluctuations, and making other efforts, in the three months ended June 30, 2024, the Company recorded net sales of 48,823 million yen (down 4.6% year on year), operating profit of 3,067 million yen (down 7.7% year on year), ordinary profit of 3,406 million yen (down 7.7% year on year) and profit attributable to owners of parent of 2,218 million yen (down 7.0% year on year).

Business performance by segment is as follows.

(Automotive-Related Business)

The business environment and business performance in Japan and overseas in this segment was as follows.

[Japan]

Domestic demand for heavy- and medium-duty trucks increased by 1,700 vehicles year on year, to 16,800 vehicles, and domestic demand for light-duty trucks decreased by 800 vehicles year on year, to 18,600 vehicles. Exports of heavy- and medium-duty trucks and light-duty trucks were on the same level as the same period of the previous fiscal year, and the combined domestic and export net sales increased.

[Thailand]

Domestic demand for 1-ton pick-up trucks decreased mainly due to stricter loan screening for car purchases, and production at the TSPK Group decreased year on year, with net sales also decreasing.

[U.S.A.]

Production at PK U.S.A., INC. increased year on year, with net sales also increasing, due to an increase in domestic demand.

[Indonesia]

Domestic demand for commercial vehicles decreased due to sluggish sales affected by inflation and rising interest rates, and production at PT. PK Manufacturing Indonesia decreased year on year, with net sales also decreasing.

[Sweden]

Production decreased year on year at PRESS KOGYO SWEDEN AB, with net sales also decreasing, because demand for commercial vehicles decreased in Europe.

As a result of the above, net sales in this segment amounted to 40,060 million yen (down 5.0% year on year) and segment profit amounted to 4,024 million yen (up 2.6% year on year).

(Construction Machinery-Related Business)

The business environment and business performance in Japan and overseas in this segment was as follows.

[Japan]

Although domestic demand was firm, exports decreased due to a decrease in demand for mining machinery caused by falling resource prices in the ASEAN region and an economic slowdown in Europe caused by energy supply issues, and domestic cabin production declined year on year, with net sales also decreasing.

[China]

Production at PRESS KOGYO MINI CABIN (SUZHOU) CO., LTD. decreased year on year, with net sales also decreasing, due to sluggish domestic demand.

As a result of the above, net sales in this segment amounted to 8,578 million yen (down 4.8% year on year), and due to the product mix, segment profit amounted to 30 million yen (down 89.8% year on year).

PM CABIN MANUFACTURING CO., LTD. was dissolved on September 28, 2021, and its liquidation was completed on June 11, 2024.

(2) Overview of financial position for the three months ended June 30, 2024

Total assets as of June 30, 2024 were 190,043million yen, a decrease of 1,699 million yen from the end of the previous fiscal year. The main factor was a decrease in cash and deposits.

Total liabilities were 69,321 million yen, a decrease of 1,977 million yen from the end of the previous fiscal year. The main factor was a decrease in provision for bonuses.

Net assets were 120,722 million yen, an increase of 277 million yen from the end of the previous fiscal year. The main factor was an increase in retained earnings.

As a result, the equity ratio was 57.5%.

(3) Explanation of consolidated financial results forecast and other forward-looking statements

Consolidated forecasts for the fiscal year ending March 31, 2025 are unchanged from the forecast announced on May 13, 2024.

2. Quarterly Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	28,722	23,405
Notes and accounts receivable - trade	43,259	43,495
Merchandise and finished goods	1,999	1,722
Work in process	9,341	9,566
Raw materials and supplies	2,791	2,760
Income taxes refund receivable	8	8
Other	5,670	6,105
Allowance for doubtful accounts	△16	△26
Total current assets	91,777	87,038
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,235	14,345
Machinery, equipment and vehicles, net	22,707	24,210
Land	32,582	32,627
Other, net	17,093	16,247
Total property, plant and equipment	84,618	87,431
Intangible assets		
Other	498	508
Total intangible assets	498	508
Investments and other assets		
Deferred tax assets	1,547	1,570
Retirement benefit asset	3,396	3,418
Investments and other assets	9,939	10,111
Allowance for doubtful accounts	△35	△35
Total investments and other assets	14,847	15,065
Total non-current assets	99,965	103,004
Total assets	191,742	190,043
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,625	32,604
Short-term borrowings	5,770	6,486
Income taxes payable	1,321	1,192
Provision for bonuses	3,368	1,252
Provision for bonuses for directors (and other officers)	170	32
Other	11,457	12,329
Total current liabilities	55,713	53,898
Non-current liabilities		
Long-term borrowings	1,632	1,719
Deferred tax liabilities	2,837	2,516
Deferred tax liabilities for land revaluation	7,601	7,601
Provision for environmental measures	139	156
Retirement benefit liability	2,470	2,526
Asset retirement obligations	404	404
Other	498	497
Total non-current liabilities	15,584	15,422
Total liabilities	71,298	69,321

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	8,070	8,070
Capital surplus	2,074	2,074
Retained earnings	72,957	75,243
Treasury shares	△2,183	△3,458
Total shareholders' equity	80,918	81,930
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,551	3,682
Revaluation reserve for land	17,255	17,255
Foreign currency translation adjustment	5,647	5,924
Remeasurements of defined benefit plans	447	420
Total accumulated other comprehensive income	26,902	27,283
Non-controlling interests	12,623	11,508
Total net assets	120,444	120,722
Total liabilities and net assets	191,742	190,043

(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	51,203	48,823
Cost of sales	44,054	41,780
Gross profit	7,148	7,043
Selling, general and administrative expenses	3,823	3,975
Operating profit	3,325	3,067
Non-operating income		
Interest income	15	47
Dividend income	189	156
Foreign exchange gains	226	205
Other	32	36
Total non-operating income	464	445
Non-operating expenses		
Interest expenses	91	98
Other	9	8
Total non-operating expenses	100	107
Ordinary profit	3,689	3,406
Extraordinary income		
Gain on sale of non-current assets	7	24
Economic compensation benefits from abandonment of land use rights	509	—
Gain on sale of investment securities	—	38
Total extraordinary income	516	63
Extraordinary losses		
Loss on sale of non-current assets	—	0
Loss on retirement of non-current assets	20	11
Total extraordinary losses	20	11
Profit before income taxes	4,185	3,457
Income taxes - current	1,301	983
Income taxes - deferred	△229	△358
Total income taxes	1,071	624
Profit	3,113	2,833
Profit attributable to non-controlling interests	728	615
Profit attributable to owners of parent	2,384	2,218

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	3,113	2,833
Other comprehensive income		
Valuation difference on available-for-sale securities	567	131
Foreign currency translation adjustment	711	463
Remeasurements of defined benefit plans, net of tax	△28	△27
Total other comprehensive income	1,251	566
Comprehensive income	4,364	3,400
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,321	2,599
Comprehensive income attributable to non-controlling interests	1,042	801

(3) Notes to quarterly consolidated financial statements

(Notes on changes in accounting policies)

(Application of Accounting Standard for Current Income Taxes)

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (“ASBJ”) Standard No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) from the beginning of the first quarter consolidated accounting period.

Previously, calculated amounts of current income taxes on earnings, etc. (“Corporate Taxes, etc.”) were recorded in profit or loss in accordance with laws and regulations. Moving forward, Corporate Taxes, etc., on earnings will be recorded in profit or loss, shareholders’ equity, or other comprehensive income according to the transaction, etc., from which it occurred. Concerning Corporate Taxes, etc., recorded in accumulated other comprehensive income, when a transaction, etc., is recorded in profit or loss that is the reason for said Corporate Taxes, etc., to be applied, the corresponding amount of tax will be recorded in profit or loss. Additionally, if the transaction, etc., subject to taxation is related to shareholders’ equity or other comprehensive income in addition to profit or loss, and it is difficult to calculate the amount of Corporate Taxes, etc., to be applied to shareholders’ equity or other comprehensive income, the amount of such taxes will be recorded in profit or loss.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso of paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “Revised Guidance on Accounting Standard of 2022”). There is no impact on the quarterly consolidated financial statements as a result of this change in accounting policies.

In addition, for revisions related to the review of the treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Company has applied the Revised Guidance on Accounting Standard of 2022 from the beginning of the first quarter of the fiscal year ending March 31, 2025. The change in accounting policies has been applied retrospectively. Therefore, the retrospective application was reflected in the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year. There is no impact on the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year as a result of this change in accounting policies.

(Segment information)

[Segment information]

I Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

Information on the amounts of net sales, and profit or loss by reportable segment

(Millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded on the quarterly consolidate statements of income (Note 3)
	Automotive- Related Business	Construc- tion Machinery- Related Business	Total				
Net sales							
Sales to external customers	42,025	8,434	50,460	742	51,203	-	51,203
Intersegment sales or transfers	150	575	725	-	725	(725)	-
Total	42,176	9,010	51,186	742	51,929	(725)	51,203
Segment profit	3,922	301	4,223	44	4,268	(942)	3,325

Notes: 1. “Other” segment is a business segment that is not included in the reportable segments and includes the automated parking system business, etc.

2. Adjustments to segment profit of (942) million yen include inter-segment transaction eliminations of (3) million yen and corporate expenses not allocated to each reportable segment of (939) million yen. Corporate expenses mainly consist of general and administrative expenses of holding companies not attributable to the reportable segments.

3. Segment profit is adjusted to the operating profit recorded on the quarterly consolidated statements of income.

II Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

Information on the amounts of net sales, and profit or loss by reportable segment

(Millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded on the quarterly consolidate statements of income (Note 3)
	Automotive- Related Business	Construc- tion Machinery- Related Business	Total				
Net sales							
Sales to external customers	39,961	8,019	47,980	843	48,823	-	48,823
Intersegment sales or transfers	99	559	658	-	658	(658)	-
Total	40,060	8,578	48,639	843	49,482	(658)	48,823
Segment profit	4,024	30	4,055	51	4,106	(1,038)	3,067

Notes: 1. "Other" segment is a business segment that is not included in the reportable segments and includes the automated parking system business, etc.

- Adjustments to segment profit of (1,038) million yen include inter-segment transaction eliminations of (2) million yen and corporate expenses not allocated to each reportable segment of (1,036) million yen. Corporate expenses mainly consist of general and administrative expenses of holding companies not attributable to the reportable segments.
- Segment profit is adjusted to the operating profit recorded on the quarterly consolidated statements of income.

(Notes on significant changes in the amount of shareholders' equity)

The Company acquired 1,917,100 treasury shares in accordance with a resolution at the Board of Directors meeting held on May 13, 2024. As a result, treasury shares increased by 1,274 million yen in the three months ended June 30, 2024, including acquisitions by purchase of shares less than one unit, to 3,458 million yen as of June 30, 2024.

(Notes on premise of going concern)

Not applicable.

(Notes on consolidated quarterly statements of cash flows)

The Company has not prepared a quarterly consolidated statement of cash flows for the first quarter of the current fiscal year. The first quarter Depreciation related to the consolidated cumulative period (including depreciation of intangible assets) is as follows.

	(Millions of yen)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	2,370	3,115