

Translation

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

November 11, 2024

Company name: PRESS KOGYO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7246 URL <https://www.presskogyo.co.jp/en/>
 Representative: President & COO Yuki Shimizu
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 Scheduled date to file semi-annual securities report: November 11, 2024
 Scheduled date to commence dividend payments: December 3, 2024
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 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	%
Six months ended September 30, 2024	95,288	(3.7)	5,095	(19.8)	5,463	(20.3)	3,404	(23.0)
Six months ended September 30, 2023	98,899	13.0	6,356	26.7	6,857	20.2	4,420	12.5

Note: Comprehensive income For the six months ended September 30, 2024: ¥6,341 million [-28.6%]
 For the six months ended September 30, 2023: ¥8,885 million [0.3%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	34.02	—
Six months ended September 30, 2023	43.34	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2024	188,563	123,499	59.0	1,120.99
As of March 31, 2024	191,742	120,444	56.2	1,062.99

Reference: Equity
 As of September 30, 2024: ¥111,277 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	—	13.00			
Year ending March 31, 2025 (Forecast)			—	19.00	32.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes
 Breakdown of the year-end dividend forecast for the Fiscal year ending March 31, 2025 :
 Ordinary dividends ¥14.00, Commemorative dividends ¥5.00

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
Full year	176,300	(10.9)	8,800	(31.3)	9,200	(31.7)	5,600	(30.7)	56.17

Note: Revisions to the forecast of financial results most recently announced: Yes

4. Notes

(1) Significant changes to consolidation ranges during the six months ended September 30, 2024: No

(2) Application of special accounting methods for preparing interim 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

Note: For details, please refer to “2. Interim consolidated financial statements, (4) Notes to interim consolidated financial statements, (Notes on changes in accounting policies)” on page 9.

(4) Number of issued shares (common shares)

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

As of September 30, 2024	104,562,470 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 September 30, 2024	5,295,434 shares	As of March 31, 2024	5,391,233 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	100,067,993 shares	Six months ended September 30, 2023	101,997,357 shares
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* Second quarter financial results is not subject to the review procedures by certified public accountants or auditing firms.

* 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 six months ended September 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. Qualitative information on financial results for the six months ended September 30, 2024

(1) Explanation of operating results

In the business environment surrounding the trucks and construction machinery of our group for the six months ended September 30, 2024, the domestic market remained firm, but demand for automobiles continued to decrease in Thailand and Indonesia. In addition, demand for construction machinery remained at a low level due to factors such as the impact of rising interest rates and others in North America, Europe and ASEAN region and the economic slowdown in China.

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 six months ended September 30, 2024, the Company recorded net sales of 95,288 million yen (down 3.7% year on year), operating profit of 5,095 million yen (down 19.8% year on year), ordinary profit of 5,463 million yen (down 20.3% year on year) and profit attributable to owners of parent of 3,404 million yen (down 23.0% 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 1,600 vehicles year on year, to 36,000 vehicles, and domestic demand for light-duty trucks increased by 1,300 vehicles year on year, to 41,400 vehicles. Although exports of heavy- and medium-duty trucks decreased year on year, exports of light-duty trucks increased. As a result, the combined domestic and export net sales increased.

[Thailand]

Domestic demand for 1-ton pick-up trucks continued to decrease 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 of ordered products at PK U.S.A., INC. increased year on year, with net sales also increasing, despite a decrease in domestic demand.

[Indonesia]

Domestic demand for commercial vehicles continued to decrease 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 78,891 million yen (down 3.4% year on year) and segment profit amounted to 6,786 million yen (down 13.8% year on year).

(Construction Machinery-Related Business)

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

[Japan]

Domestic production of cabins for hydraulic excavators decreased year on year, with net sales also decreasing, due to a decrease in exports mainly for North America, Europe and the ASEAN region.

[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 16,005 million yen (down 6.2% year on year) and segment loss amounted to 105 million yen (segment profit of 285 million yen in the same period of the previous fiscal year).

(2) Overview of financial position for the six months ended September 30, 2024

Total assets as of September 30, 2024 were 188,563 million yen, a decrease of 3,179 million yen from the end of the previous fiscal year. The main factor was a decrease in cash and deposits.

Total liabilities were 65,064 million yen, a decrease of 6,234 million yen from the end of the previous fiscal year. The main factor was a decrease in notes and accounts payable - trade.

Net assets were 123,499 million yen, an increase of 3,055 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 59.0%.

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

For details on the consolidated forecasts and year-end dividend forecast for the fiscal year ending March 31, 2025, please refer to “Notice Concerning Revisions to the Full-Year Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025” and “Notice Concerning Revisions to Forecast of Year-End Cash Dividends for the Fiscal Year Ending March 31, 2025” announced today (November, 11,2024).

2. Interim consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	28,722	22,993
Notes and accounts receivable - trade	43,259	39,222
Merchandise and finished goods	1,999	1,591
Work in process	9,341	11,394
Raw materials and supplies	2,791	2,723
Income taxes refund receivable	8	9
Other	5,670	6,106
Allowance for doubtful accounts	△16	△27
Total current assets	91,777	84,014
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,235	14,404
Machinery, equipment and vehicles, net	22,707	25,792
Land	32,582	32,719
Other, net	17,093	16,857
Total property, plant and equipment	84,618	89,773
Intangible assets		
Other	498	541
Total intangible assets	498	541
Investments and other assets		
Deferred tax assets	1,547	1,460
Retirement benefit asset	3,396	3,442
Investment and other assets	9,939	9,366
Allowance for doubtful accounts	△35	△35
Total investments and other assets	14,847	14,233
Total non-current assets	99,965	104,548
Total assets	191,742	188,563
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,625	30,199
Short-term borrowings	5,770	6,212
Income taxes payable	1,321	886
Provision for bonuses	3,368	2,517
Provision for bonuses for directors (and other officers)	170	65
Other	11,457	10,082
Total current liabilities	55,713	49,964
Non-current liabilities		
Long-term borrowings	1,632	1,256
Deferred tax liabilities	2,837	2,497
Deferred tax liabilities for land revaluation	7,601	7,601
Provision for environmental measures	139	156
Retirement benefit liability	2,470	2,673
Asset retirement obligations	404	404
Other	498	508
Total non-current liabilities	15,584	15,099
Total liabilities	71,298	65,064

(Millions of yen)

As of March 31, 2024 As of September 30, 2024

Net assets		
Shareholders' equity		
Share capital	8,070	8,070
Capital surplus	2,074	2,074
Retained earnings	72,957	75,357
Treasury shares	△2,183	△2,549
Total shareholders' equity	80,918	82,953
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,551	3,133
Revaluation reserve for land	17,255	17,255
Foreign currency translation adjustment	5,647	7,541
Remeasurements of defined benefit plans	447	392
Total accumulated other comprehensive income	26,902	28,324
Non-controlling interests	12,623	12,222
Total net assets	120,444	123,499
Total liabilities and net assets	191,742	188,563

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	98,899	95,288
Cost of sales	84,872	82,295
Gross profit	14,027	12,993
Selling, general and administrative expenses	7,671	7,898
Operating profit	6,356	5,095
Non-operating income		
Interest income	39	96
Dividend income	230	203
Rental income from non-current assets	25	22
Foreign exchange gains	338	212
Other	94	53
Total non-operating income	729	589
Non-operating expenses		
Interest expenses	207	201
Other	20	19
Total non-operating expenses	228	220
Ordinary profit	6,857	5,463
Extraordinary income		
Gain on sale of non-current assets	11	63
Economic compensation benefits from abandonment of land use rights	523	—
Gain on sale of investment securities	0	56
Total extraordinary income	534	119
Extraordinary losses		
Loss on sale of non-current assets	—	0
Loss on retirement of non-current assets	23	91
Impairment losses	—	144
Total extraordinary losses	23	236
Profit before income taxes	7,368	5,347
Income taxes - current	1,755	1,241
Income taxes - deferred	106	21
Total income taxes	1,861	1,262
Profit	5,506	4,084
Profit attributable to non-controlling interests	1,086	680
Profit attributable to owners of parent	4,420	3,404

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	5,506	4,084
Other comprehensive income		
Valuation difference on available-for-sale securities	992	△417
Foreign currency translation adjustment	2,442	2,729
Remeasurements of defined benefit plans, net of tax	△56	△54
Total other comprehensive income	3,379	2,256
Comprehensive income	8,885	6,341
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,046	4,826
Comprehensive income attributable to non-controlling interests	1,839	1,515

(3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	7,368	5,347
Depreciation	4,984	6,831
Impairment losses	—	144
Increase (decrease) in provision for bonuses	△986	△932
Increase (decrease) in retirement benefit liability	55	95
Decrease (increase) in retirement benefit asset	△131	△122
Interest and dividend income	△270	△300
Interest expenses	207	201
Loss (gain) on sale of investment securities	0	△56
Loss (gain) on sale of property, plant and equipment	△11	△63
Loss on retirement of property, plant and equipment	23	91
Economic compensation benefits from abandonment of land use rights	△523	—
Decrease (increase) in trade receivables	3,295	5,309
Decrease (increase) in inventories	2,181	△926
Increase (decrease) in trade payables	41	△4,398
Other, net	△203	△844
Subtotal	16,030	10,377
Interest and dividends received	267	304
Interest paid	△207	△198
Income taxes refund	3	—
Income taxes paid	△1,799	△1,709
Net cash provided by (used in) operating activities	14,295	8,773
Cash flows from investing activities		
Purchase of property, plant and equipment	△7,008	△10,013
Proceeds from sale of property, plant and equipment	13	440
Income from Economic compensation benefits from abandonment of land use rights	959	—
Purchase of investment securities	△34	△41
Proceeds from sale of investment securities	1	88
Other, net	△48	△122
Net cash provided by (used in) investing activities	△6,117	△9,647
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△630	△127
Repayments of long-term borrowings	△368	△587
Purchase of treasury shares	△1,000	△1,500
Dividends paid to non-controlling interests	△1,525	△1,916
Dividends paid	△1,082	△1,318
Other, net	△15	△12
Net cash provided by (used in) financing activities	△4,623	△5,462
Effect of exchange rate change on cash and cash equivalents	266	605
Net increase (decrease) in cash and cash equivalents	3,821	△5,730
Cash and cash equivalents at beginning of period	22,329	28,706
Cash and cash equivalents at end of period	26,150	22,975

(4) Notes to interim 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 interim 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 interim 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 interim 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 interim 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 Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

1. 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 interim consolidated statements of income (Note 3)
	Automotive- Related Business	Construc- tion Machinery- Related Business	Total				
Net sales							
Sales to external customers	81,419	16,023	97,442	1,457	98,899	–	98,899
Intersegment sales or transfers	253	1,042	1,295	–	1,295	(1,295)	–
Total	81,672	17,065	98,738	1,457	100,195	(1,295)	98,899
Segment profit	7,873	285	8,158	61	8,220	(1,864)	6,356

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 (1,864) million yen include intersegment transaction eliminations of (0) million yen and corporate expenses not allocated to each reportable segment of (1,863) 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 interim consolidated statements of income.

2. Matters related to changes in reportable segments, etc.

Not applicable.

3. Information about impairment losses of non-current assets or goodwill, etc. for each reportable segment
(Significant impairment losses of non-current assets)

Not applicable.

II Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

1. 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 interim consolidated statements of income (Note 3)
	Automotive- Related Business	Construc- tion Machinery- Related Business	Total				
Net sales							
Sales to external customers	78,699	15,024	93,723	1,564	95,288	–	95,288
Intersegment sales or transfers	192	980	1,173	–	1,173	(1,173)	–
Total	78,891	16,005	94,897	1,564	96,462	(1,173)	95,288
Segment profit	6,786	(105)	6,681	95	6,776	(1,681)	5,095

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 (1,681) million yen include intersegment transaction eliminations of (2) million yen and corporate expenses not allocated to each reportable segment of (1,679) 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 interim consolidated statements of income.

2. Matters related to changes in reportable segments, etc.

During the six months ended September 30, 2024, in conjunction with the decision to rebuild the head office building, which is a corporate asset, the Company has changed to a method where a portion of the amount included in “Adjustments” as corporate expenses is borne by the Automotive-Related Business.

The segment information for the six months ended September 30, 2023 has not been prepared based on the classifications after the change as the impact on segment profit is immaterial.

3. Information about impairment losses of non-current assets or goodwill, etc. for each reportable segment
(Significant impairment losses of non-current assets)

Impairment losses of non-current assets of 32 million yen were recognized in the Automotive-Related Business segment and of 112 million yen were recognized in corporate assets not allocated to each reportable segment.

The amount recognized for such impairment losses in the six months ended September 30, 2024 was 144 million yen.

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

1) Acquisition of treasury shares

The Company acquired 2,261,000 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 1,500 million yen in the six months ended September 30, 2024, including acquisitions by purchase of shares less than one unit.

2) Cancellation of treasury shares

The Company canceled 2,261,000 treasury shares on September 30, 2024 in accordance with a resolution at the Board of Directors meeting held on May 13, 2024. As a result, during the six months ended September 30, 2024, capital surplus, retained earnings and treasury shares decreased by 15 million yen, 1,072 million yen and 1,088 million yen, respectively.

As a result of the above, as of September 30, 2024, capital surplus, retained earnings and treasury shares were 2,074 million yen, 75,357 million yen and 2,549 million yen, respectively.

(Notes on premise of going concern)

Not applicable.