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

October 29, 2021

Company name: PROTO CORPORATION

Stock exchange listing: Tokyo, Nagoya

Code number: 4298

URL: <https://www.proto-g.co.jp/>

Representative: Kenji Kamiya

President

Contact: Takehito Suzuki

Executive officer

Phone: +81-52-934-2000

Scheduled date of filing quarterly securities report: November 12, 2021

Scheduled date of commencing dividend payments: November 19, 2021

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended September 30, 2021 (April 01, 2021 to September 30, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2021	26,308	1.8	3,084	8.6	3,230	14.2	3,623	102.2
September 30, 2020	25,843	-	2,838	4.4	2,828	1.8	1,791	(43.6)

(Note) Comprehensive income: Six months ended September 30, 2021: ¥ 3,862 million [45.4%]
Six months ended September 30, 2020: ¥ 2,656 million [(14.4)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2021	90.20	-
September 30, 2020	44.62	-

(Note) The Company has adopted the "accounting standard regarding revenue recognition" (Corporate Accounting Standards No. 29, March 31, 2020), etc. from the beginning of the current first quarter consolidated accounting period. The figures for the second quarter of the fiscal year ended March 31, 2021 are after the retroactive application of the said accounting standard. As a result, the rate of increase or decrease in net sales for the second quarter of the fiscal year ended March 31, 2021 compared to the same period of the previous fiscal year is not stated.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2021	52,850	39,343	74.4
March 31, 2021	49,388	35,934	72.7

(Reference) Equity: As of September 30, 2021: ¥ 39,308 million
As of March 31, 2021: ¥ 35,901 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	-	12.50	-	12.50	25.00
Fiscal year ending March 31, 2022	-	17.50			
Fiscal year ending March 31, 2022 (Forecast)			-	17.50	35.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022(April 01, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

Full year	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	60,000	(0.2)	6,100	2.7	6,080	(0.6)	5,615	15.7	139.74

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

Since the company will apply the "accounting standards regarding revenue recognition"(Corporate Accounting Standards No.29, March 31, 2020), etc. from the beginning of the term ending March 2022, so the earnings forecast indicates the figures based on the new standards.

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2021

(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New 1 (Company name: PROTO Ventures 2 Investment Limited Partnership)

Exclusion: 1 (Company name: PROTO MEDICAL CARE)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(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

(4) Total number of issued shares (common shares)

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

September 30, 2021: 41,925,300 shares

March 31, 2021: 41,925,300 shares

2) Total number of treasury shares at the end of the period:

September 30, 2021: 1,729,997 shares

March 31, 2021: 1,766,217 shares

3) Average number of shares during the period:

Six months ended September 30, 2021: 40,169,409 shares

Six months ended September 30, 2020: 40,159,487 shares

*** This quarterly report is not subject to quarterly review procedures by certified public accountants or an auditing firm.**

*** Explanation for appropriate use of forecasts and other notes**

The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors.

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of September 30,2021
Assets		
Current assets		
Cash and deposits	21,705	23,963
Notes and accounts receivable - trade	5,010	4,034
Inventories	3,703	5,225
Other	1,211	2,230
Allowance for doubtful accounts	(6)	(3)
Total current assets	31,623	35,450
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,756	5,552
Land	4,570	4,694
Other, net	692	666
Total property, plant and equipment	11,019	10,913
Intangible assets		
Goodwill	1,124	620
Other	1,094	1,158
Total intangible assets	2,218	1,778
Investments and other assets		
Investments and other assets	4,543	4,733
Allowance for doubtful accounts	(17)	(25)
Total investments and other assets	4,525	4,707
Total non-current assets	17,764	17,399
Total assets	49,388	52,850

(Million yen)

	As of March 31,2021	As of September 30,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,219	2,239
Short-term borrowings	2,400	2,600
Current portion of long-term borrowings	295	246
Accrued expenses	2,608	2,633
Income taxes payable	1,253	1,641
Provision for bonuses	158	263
Provision for merchandise warranties	25	20
Contract liabilities	32	30
Other	3,132	2,748
Total current liabilities	12,126	12,424
Non-current liabilities		
Long-term borrowings	385	266
Provision for retirement benefits for directors (and other officers)	225	229
Retirement benefit liability	8	16
Asset retirement obligations	300	273
Other	407	295
Total non-current liabilities	1,327	1,082
Total liabilities	13,453	13,506
Net assets		
Shareholders' equity		
Share capital	1,849	1,849
Capital surplus	2,036	2,058
Retained earnings	32,447	35,568
Treasury shares	(1,306)	(1,279)
Total shareholders' equity	35,026	38,196
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	543	1,111
Foreign currency translation adjustment	330	0
Total accumulated other comprehensive income	874	1,112
Non-controlling interests	33	34
Total net assets	35,934	39,343
Total liabilities and net assets	49,388	52,850

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Net sales	25,843	26,308
Cost of sales	14,067	14,322
Gross profit	11,775	11,986
Reversal of provision for sales returns	10	-
Provision for sales returns	0	-
Gross profit - net	11,785	11,986
Selling, general and administrative expenses	8,947	8,901
Operating profit	2,838	3,084
Non-operating income		
Interest and dividend income	5	3
Foreign exchange gains	71	181
Other	38	24
Total non-operating income	115	209
Non-operating expenses		
Interest expenses	6	5
Loss on investments in investment partnerships	14	17
Loss on valuation of derivatives	98	24
Other	6	17
Total non-operating expenses	126	63
Ordinary profit	2,828	3,230
Extraordinary income		
Gain on sale of non-current assets	0	9
Gain on sale of shares of subsidiaries and associates	-	2,146
Other	-	478
Total extraordinary income	0	2,633
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	1
Total extraordinary losses	0	1
Profit before income taxes	2,827	5,863
Income taxes - current	1,178	1,565
Income taxes - deferred	(143)	673
Total income taxes	1,035	2,238
Profit	1,791	3,624
Profit attributable to non-controlling interests	0	1
Profit attributable to owners of parent	1,791	3,623

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Profit	1,791	3,624
Other comprehensive income		
Valuation difference on available-for-sale securities	866	568
Foreign currency translation adjustment	(1)	(330)
Total other comprehensive income	864	237
Comprehensive income	2,656	3,862
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,655	3,860
Comprehensive income attributable to non-controlling interests	0	1

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Cash flows from operating activities		
Profit before income taxes	2,827	5,863
Depreciation	442	434
Amortization of goodwill	215	183
Increase (decrease) in allowance for doubtful accounts	38	5
Increase (decrease) in provision for sales returns	(10)	-
Increase (decrease) in provision for bonuses	145	122
Increase (decrease) in provision for merchandise warranties	1	(4)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(63)	3
Increase (decrease) in retirement benefit liability	2	11
Increase (decrease) in Contract liabilities	1	(1)
Interest and dividend income	(5)	(3)
Interest expenses	6	5
Foreign exchange losses (gains)	21	(3)
Loss (gain) on investments in investment partnerships	14	17
Loss (gain) on valuation of derivatives	98	24
Loss (gain) on sale and retirement of non-current assets	0	(8)
Loss (gain) on sale of shares of subsidiaries and associates	-	(2,146)
Decrease (increase) in trade receivables	(197)	(340)
Decrease (increase) in inventories	(1,066)	(1,539)
Increase (decrease) in trade payables	489	149
Increase (decrease) in accrued expenses	174	134
Other, net	(24)	(953)
Subtotal	3,111	1,953
Interest and dividends received	5	2
Interest paid	(5)	(5)
Income taxes refund (paid)	(1,220)	(1,090)
Net cash provided by (used in) operating activities	1,890	860

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	500	-
Purchase of property, plant and equipment	(68)	(274)
Proceeds from sale of property, plant and equipment	0	11
Purchase of intangible assets	(193)	(361)
Purchase of long-term prepaid expenses	(3)	(14)
Purchase of investment securities	(506)	(99)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	2,854
Payments for investments in capital	-	(249)
Other, net	31	40
Net cash provided by (used in) investing activities	(241)	1,907
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	-	200
Repayments of long-term borrowings	(210)	(167)
Purchase of treasury shares	-	0
Dividends paid	(552)	(501)
Repayments of lease obligations	(43)	(44)
Net cash provided by (used in) financing activities	(806)	(513)
Effect of exchange rate change on cash and cash equivalents	(19)	4
Net increase (decrease) in cash and cash equivalents	823	2,258
Cash and cash equivalents at beginning of period	17,336	21,485
Cash and cash equivalents at end of period	18,160	23,743