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Consolidated Financial Results for the Nine Months Ended December 31, 2021 [Japanese GAAP]

January 31, 2022

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: February 14, 2022

Scheduled date of commencing dividend payments: -

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 Nine Months Ended December 31, 2021 (April 01, 2021 to December 31, 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	%
Nine months ended December 31, 2021	42,692	2.3	5,141	4.4	5,294	8.7	5,049	56.4
December 31, 2020	41,717	-	4,926	-	4,872	-	3,228	-

(Note) Comprehensive income:
 Nine months ended December 31, 2021: ¥ 5,256 million [38.1%]
 Nine months ended December 31, 2020: ¥ 3,805 million [-%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2021	125.69	-
December 31, 2020	80.39	-

(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 third 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 the third 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	%
December 31, 2021	54,355	40,034	73.6
March 31, 2021	49,388	35,934	72.7

(Reference) Equity:
 As of December 31, 2021: ¥ 39,999 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 nine months ended December 31, 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):

December 31, 2021: 41,925,300 shares

March 31, 2021: 41,925,300 shares

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

December 31, 2021: 1,729,997 shares

March 31, 2021: 1,766,217 shares

3) Average number of shares during the period:

Nine months ended December 31, 2021: 40,177,177 shares

Nine months ended December 31, 2020: 40,159,366 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 December 31,2021
Assets		
Current assets		
Cash and deposits	21,705	24,939
Notes and accounts receivable - trade	5,010	5,197
Inventories	3,703	4,312
Other	1,211	2,382
Allowance for doubtful accounts	(6)	(6)
Total current assets	31,623	36,825
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,756	5,490
Land	4,570	4,694
Other, net	692	629
Total property, plant and equipment	11,019	10,814
Intangible assets		
Goodwill	1,124	635
Other	1,094	1,275
Total intangible assets	2,218	1,911
Investments and other assets		
Investments and other assets	4,543	4,877
Allowance for doubtful accounts	(17)	(73)
Total investments and other assets	4,525	4,804
Total non-current assets	17,764	17,530
Total assets	49,388	54,355

(Million yen)

	As of March 31,2021	As of December 31,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,219	2,741
Short-term borrowings	2,400	2,850
Current portion of long-term borrowings	295	255
Accrued expenses	2,608	2,574
Income taxes payable	1,253	1,235
Provision for bonuses	158	136
Provision for merchandise warranties	25	19
Contract liabilities	32	34
Other	3,132	3,280
Total current liabilities	12,126	13,127
Non-current liabilities		
Long-term borrowings	385	274
Provision for retirement benefits for directors (and other officers)	225	233
Retirement benefit liability	8	93
Asset retirement obligations	300	274
Other	407	317
Total non-current liabilities	1,327	1,193
Total liabilities	13,453	14,321
Net assets		
Shareholders' equity		
Share capital	1,849	1,849
Capital surplus	2,036	2,058
Retained earnings	32,447	36,291
Treasury shares	(1,306)	(1,279)
Total shareholders' equity	35,026	38,920
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	543	1,074
Foreign currency translation adjustment	330	4
Total accumulated other comprehensive income	874	1,078
Non-controlling interests	33	35
Total net assets	35,934	40,034
Total liabilities and net assets	49,388	54,355

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Million yen)

	For the nine months ended December 31,2020	For the nine months ended December 31,2021
Net sales	41,717	42,692
Cost of sales	23,199	24,103
Gross profit	18,517	18,589
Reversal of provision for sales returns	10	-
Provision for sales returns	0	-
Gross profit - net	18,528	18,589
Selling, general and administrative expenses	13,601	13,447
Operating profit	4,926	5,141
Non-operating income		
Interest and dividend income	5	5
Foreign exchange gains	69	230
Share of profit of entities accounted for using equity method	-	0
Other	70	36
Total non-operating income	146	272
Non-operating expenses		
Interest expenses	9	7
Loss on investments in investment partnerships	19	20
Loss on valuation of derivatives	159	73
Other	10	17
Total non-operating expenses	199	119
Ordinary profit	4,872	5,294
Extraordinary income		
Gain on sale of non-current assets	0	18
Gain on sale of shares of subsidiaries and associates	-	2,146
Other	3	478
Total extraordinary income	3	2,642
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	5
Settlement package	3	-
Total extraordinary losses	4	5
Profit before income taxes	4,871	7,931
Income taxes - current	1,679	2,167
Income taxes - deferred	(36)	712
Total income taxes	1,643	2,879
Profit	3,228	5,051
Profit attributable to non-controlling interests	0	1
Profit attributable to owners of parent	3,228	5,049

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

(Million yen)

	For the nine months ended December 31,2020	For the nine months ended December 31,2021
Profit	3,228	5,051
Other comprehensive income		
Valuation difference on available-for-sale securities	576	530
Foreign currency translation adjustment	0	(326)
Total other comprehensive income	576	204
Comprehensive income	3,805	5,256
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,803	5,252
Comprehensive income attributable to non-controlling interests	2	4